Mobil Business Resources Corporation

3225 GALLOWS ROAD
FAIRFAX, VIRGINIA 22037-0001

October 23, 1996

Mr. Joseph Cosentino, OSC
Removal Action Branch
Emergency and Remedial Response Division
U.S. Environmental Protection Agency, Region II
2890 Woodbridge Avenue
Edison, New Jersey 08837

1806.270
Bayonne Barrel & Drum
Newark, New Jersey

RE: Mobil Oil Corporation Response to Bayonne Barrel & Drum CERCLA 104 (e) Information Request

Dear Mr. Cosentino:

Enclosed is Mobil Oil Corporation's ("Mobil") response to the CERCLA 104 (e) information request regarding the Bayonne Barrel & Drum Superfund Site. The documents and responses provided herein represent a diligent search of regional facilities on Mobil's behalf.

As discussed with Mr. Eric Seidenberg of the US EPA Office of Regional Counsel on September 12, Mobil's response date was extended to October 30, 1996.

Sincerely,

Penny Wirsing
Superfund Response Coordinator

cc: Marc Seidenberg, Esq.

Enclosure

491109

Environmental Awareness

MOBIL OIL CORPORATION RESPONSE TO
BAYONNE BARREL & DRUM
CERCLA 104 (E) INFORMATION REQUEST

1. General Information About the Company

   a. State the correct legal name of the Company.

RESPONSE:

Mobil Corporation

   b. Identify the legal status of the Company (corporation, partnership, sole proprietorship, specify if other) and the state in which the Company was organized.

RESPONSE:

Mobil is a Corporation, organized under the laws of Delaware.

   c. State the name(s) and address(es) of the President and the Chairperson of the Board of the Company.

RESPONSE:

Lucio A. Noto
President and Chairman of the Board
Mobil Oil Corporation
3225 Gallows Road
Fairfax, Virginia 22037

   d. If the Company has subsidiaries or affiliates, or is a subsidiary of another organization, identify these related companies and state the name(s) and address(es) of the President(s) and the Chairperson(s) of the Board of those organizations. Provide such information for any further parent/subsidiary relationships.

RESPONSE:

A list of significant subsidiaries of Mobil Corporation can be found in Exhibit 21 of the enclosed Form 10-K Annual Report.

e. If the Company is a successor to, or has been succeeded by, another company, identify such other company and provide the same information requested above for the predecessor or successor company.

RESPONSE:

Mobil has been in business for over 130 years, and has experienced numerous mergers and acquisitions. Due to the large number of documents involved, the burden of producing them, and their tangential relevance in light of Mobil's response to Request No. 2 below, Mobil is not providing these documents at this time. If you require further information, please contact the person identified in response to Request No. 3.

f. If the Company transacted business with Bayonne Barrel & Drum in the name of an entity not disclosed above, give the name of such entity and state its relationship to the Company.

RESPONSE:

No records were found to indicate that Mobil or any of its subsidiaries transacted any business with Bayonne Barrel & Drum.

2. Company's Relationship to Bayonne Barrel & Drum

   a. State whether the Company or any Company facility transacted any business with Bayonne Barrel & Drum for the disposal, treatment, or storage of any barrels, drums, or other containers (hereinafter collectively referred to as "Containers").

      i. If so, describe the relationship (nature of services rendered or products sold to the Company) between the Company and Bayonne Barrel & Drum;

      ii. Provide copies of any contracts or agreements between the Company and Bayonne Barrel & Drum;

      iii. For each such facility, state the nature of the operations conducted at the facility, including the time period in which the facility operated; and

      iv. For each such facility, state its name, address, and current RCRA Identification number.

   b. In addition, if the Company transacted business with Bayonne Barrel & Drum, provide the following information for each transaction:

      i. Identify the specific dates of each transaction. Where an exact date cannot be provided for a transaction, provide an approximation by month and year;

ii. Identify the number of Containers that were the subject of each such transaction;

iii. Generically describe each Container that was the subject of each such transaction (example: closed-head steel drums, etc.);

iv. Identify the intended purpose of each such transaction;

v. State whether each Container that was the subject of the transaction contained any substance at the time of the transaction. As to each Container that contained any substance:

(1) Identify each such substance, including its chemical content, physical state, quantity by volume and weight, and other characteristics; and

(2) Provide all written analyses that may have been made for each such substance or which may be in the custody or control of the Company and all material safety data sheets, if any, relating to each such substance;

vi. If you contend that any such Container did not contain any substance at the time of the transaction:

(1) State whether such Container had previously been used by the Company to contain any substance, and if so:

(a) Identify all substances previously contained within such Container, including its chemical content, physical state, and other characteristics; and

(b) Provide as to such substances, all written analyses that may have been made for each such substance or which may be in the custody or control of the Company and all material safety data sheets, if any, relating to each such substance;

vii. Describe in detail any treatment of any Container that may have been performed by or on behalf of the Company prior to the time that the Container was transferred from the Company, including any process or procedure by which the Container was emptied or cleaned;

viii. Provide copies of all documents relating in any way to each transaction, including copies of delivery receipts, invoices, or payment devices;

ix. Identify all persons who might have knowledge of the transaction or who had any responsibility regarding the transaction; and

x. If you sent any Container by means of a third party transporter, identify each such transporter, including the name and address of such transporter, and identify in which of the transactions such transporter acted.

RESPONSE:

No records were found to indicate that Mobil or any of its subsidiaries transacted any business with Bayonne Barrel & Drum.

3. Identify any other person (e.g., individual, company, partnership, etc.) having knowledge of facts relating to the questions which are the subject of this inquiry. For each such person that you identify, provide the name, address, and telephone number of that person, and the basis of your belief that he or she has such knowledge. For past and present employees, include their job title and a description of their responsibilities

RESPONSE:

Penny Wirsing
Superfund Response Coordinator
Mobil Oil Corporation
3225 Gallows Road, Room 6W803
Fairfax, Virginia 22037
Phone (703) 849-3620

Mark Zuschek, Esquire
Office of Legal Counsel
Mobil Oil Corporation
3225 Gallows Road, Room 4C910
Fairfax, Virginia 22037
Phone (703) 846-2793

4. Identify each person consulted in responding to these questions and correlate each person to the question on which he or she was consulted.

RESPONSE:

A diligent search was conducted by contacting various departments within the company as appropriate, such as Accounting, as well as corporate divisions such as Marketing and Refining, Mobil Research and Development, and Mobil Chemical. These departments and divisions were asked to review appropriate records, including archived materials, for all available information for the relevant time period. No documents were found responsive to this request.

5. Provide a list of all insurance policies and indemnification agreements held or entered into by you that may indemnify you against any liability that you may be found to have under CERCLA. Specify the insurer, type of policy, effective dates, and state per occurrence policy limits for each policy. Copies of policies may be provided in lieu of a narrative response. In response to this request, please provide not only those policies and agreements that are currently in effect, but also those in effect since your company began sending Containers to the Site.

RESPONSE:

Mobil carries extensive coverage for liability risks via insurance programs that contain relatively high deductibles. Any losses that fall within these deductible levels are covered by the significant financial resources of Mobil and are self-administered. Due to the large number of policies involved, the burden of producing them, and their tangential relevance in light of Mobil's response to Request No. 2 above, Mobil is not providing these documents at this time. If you require further information, please contact the person identified in response to Request No. 3.

6. State whether there exists any agreement or contract (other than an insurance policy) which may indemnify the Company, present or past directors, officers or owners of shares in the Company, for any liability that may result under CERCLA. Provide a copy of any such agreement or contract. Identify any agreement or contract that you are unable to locate or obtain.

RESPONSE:

See response to Request No. 5, above.

7. Supply any additional information or documents that may be relevant or useful to identify other sources who disposed of or transported Containers to the Site.

RESPONSE:

No documents were found to be responsive to this request.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549-1004

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended **December 31, 1995**

Commission File No. 1-7555

MOBIL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**13-2850309**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3225 Gallows Road, Fairfax, Virginia 22037-0001
Telephone: (703) 846-3000
(Address of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $2.00 Par Value	New York Stock Exchange
7 5/8% Debentures due 2033	New York Stock Exchange
8% Debentures Due 2032	New York Stock Exchange
8 3/8% Notes Due 2001	New York Stock Exchange
8 5/8% Debentures Due 2021	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
Guarantee, Mobil Oil Corporation Employee Stock Ownership Plan (ESOP) Trust
9.17% Sinking Fund Debentures Due 2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_X_. No___.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ___

The number of voting securities of the registrant outstanding on February 29, 1996, the latest practicable date, was (i) 394,566,673 shares of common stock, all of which comprise a single class with a $2.00 par value, and each being entitled to one vote and (ii) 91,941 shares of Series B ESOP Convertible Preferred Stock, $1.00 par value per share, and each being entitled to 100 votes for a total of 9,194,100 votes. As of the same date, the aggregate market value of voting stock held by non-affiliates of the registrant was $43,212,866,147, based on a closing price of $109.625 per share. The approximate number of common equity security holders as of the same date was 189,120.

Parts I and II incorporate information by reference to the Annual Report to Shareholders for the year ended December 31, 1995. Part III contains information incorporated by reference to the registrant's definitive proxy statement, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 1995.

MOBIL CORPORATION
Form 10-K
December 31, 1995
TABLE OF CONTENTS

PART I

Item 1. Business.

(a) General

Mobil Corporation (Mobil) was incorporated in March, 1976 in the state of Delaware. Mobil's principal business, which is conducted primarily through wholly-owned subsidiaries, is in the petroleum industry. Mobil is also a manufacturer and marketer of petrochemicals, packaging films and specialty chemical products. Through its subsidiaries, Mobil had business interests in over 125 countries and employed approximately 50,400 people worldwide at December 31, 1995.

Through its subsidiaries, Mobil operates a worldwide oil and gas exploration and producing business, a global marketing and refining complex, a network of pipelines and tankers linking these worldwide oil and gas businesses, a world-scale chemical business and a highly sophisticated research and engineering operation.

A list of Mobil's most significant subsidiaries is contained on pages 27 through 29 of this Annual Report on Form 10-K. Summarized financial data for Mobil Oil Corporation is included on page 21 of this Annual Report on Form 10-K. In this Report, except as otherwise indicated by the context, the term "Mobil" refers to the parent corporation and all of its subsidiaries and affiliates and their operating divisions collectively, and sometimes to one or more of them.

Mobil makes no representations as to the future trend of its business and earnings, or as to future events and developments that could affect the oil industry in particular and that may affect other businesses in which Mobil is directly or indirectly engaged. These include such matters as the divestiture of certain operations, environmental quality control standards, oil imports, new discoveries of hydrocarbons and the demand for petroleum products. Furthermore, Mobil's business could be affected by future price changes or controls, material and labor costs, legislation, taxes, labor conditions, transportation regulations, tariffs, litigation, embargoes, foreign currency exchange restrictions and changes in foreign currency exchange rates. Mobil has direct and indirect investments and interests in many enterprises worldwide and makes no representation as to future developments which may have a profound effect on its business enterprises throughout the world. Mobil also recognizes that such enterprises are subject to political uncertainties in many of the countries in which it operates. Countries outside of the U.S. which currently are, and are expected to continue to be, significant contributors to Mobil's operating earnings are Australia, Indonesia, Japan, Nigeria, Norway, Saudi Arabia, Singapore and the United Kingdom (U.K.).

(b) Environmental Matters

The discussions of Environmental Matters on pages 26 and 47 of Mobil's 1995 Annual Report to Shareholders are incorporated herein by reference.

Mobil and certain of its subsidiaries and affiliates are parties to numerous proceedings instituted by governmental authorities and others under provisions of applicable laws or regulations relating to the discharge of materials into the environment. Such environmental proceedings are further discussed herein on page 16 under Item 3. Legal Proceedings.

(c) Segment and Geographic Information

Segment and Geographic information for 1993, 1994 and 1995 on pages 34 and 35 of Mobil's 1995 Annual Report to Shareholders is incorporated herein by reference.

(d) Business Description and Properties

In addition to the business description and properties contained herein, the following data included in Mobil's 1995 Annual Report to Shareholders are incorporated herein by reference:

Description	1995 Annual Report to Shareholders Page
Estimated Quantities of Net Proved Oil and Natural Gas Liquids Reserves (Table 1)	50
Estimated Quantities of Net Proved Natural Gas Reserves (Table 2)	51
Petroleum Product Sales	55
Refinery Runs	55
Chemical Sales by Product Category	55

PETROLEUM OPERATIONS

Mobil is one of the largest oil companies in the world, with petroleum product sales of 3.2 million barrels a day. In 1995 Mobil produced the oil equivalent of 1.6 million barrels daily of crude oil, natural gas liquids and natural gas and had refinery runs of 2.1 million barrels per day. Petroleum net sales in 1995 were $58,121 million, up 12% from 1993 and about 9% from 1994.

Petroleum Product Sales (a) (Millions of dollars)	1993	1994	1995
Automotive gasoline	$19,070	$19,888	**$21,697**
Distillate and jet fuels	13,563	13,671	**14,710**
Other refined petroleum products	6,104	6,501	**7,318**
Total refined petroleum products	38,737	40,060	**43,725**
Crude oil	7,287	7,593	**8,268**
Natural gas	5,086	5,072	**5,282**
Other products	626	686	**846**
Net Sales of Petroleum	$51,736	$53,411	**$58,121**
(a) Excludes excise and state gasoline taxes of	$ 6,898	$ 7,762	**$ 8,646**

Prices for crude oil have experienced dramatic fluctuations during the past several years, making it difficult to forecast future trends in prices or margins in Petroleum Operations. During 1995 the worldwide average price of crude oil increased nearly $1.50 per barrel primarily reflecting higher demand in the Asia-Pacific region and supply disruptions caused by hurricanes in the Gulf of Mexico.

Mobil's Petroleum Operations are divided into two primary business activities -- Upstream, which refers to exploration and producing; and Downstream, which refers to marketing, refining, supply and transportation.

PETROLEUM OPERATIONS -- UPSTREAM

Exploration and Producing

Significant developments in 1995 in Mobil's exploration and producing operations included the following:

Worldwide

In 1995, Mobil conducted exploration and producing activities in 35 countries. Net production of liquids (crude oil and natural gas liquids) averaged 810 thousand barrels a day (TBD) in 1995, a decrease of 44 TBD, from 854 TBD in 1994. Net natural gas production of 4,554 million cubic feet a day (MMCFD) in 1995 was 116 MMCFD lower than 1994. Combined production in the United States was down 7% compared with 1994. International total production was down 2%, primarily due to operational interruptions in Nigeria, natural declines in Canada and expiration of short-term sales contracts in Indonesia, somewhat offset by full year production from new fields in the United Kingdom and Germany. Worldwide natural gas sales in 1995 were 6,626 MMCFD, up 689 MMCFD from the preceding year, as the gas marketing business expanded in the U.S. and Europe. Proved liquids and natural gas reserve additions replaced 106% of 1995 production on a barrel of oil equivalent (BOE) basis, excluding purchases and sales. The following table summarizes net production of crude oil and natural gas liquids (NGL) and of natural gas for 1993 through 1995.

	Crude Oil & NGL (TBD)			Natural Gas (MMCFD)		
Net Production	1993	1994	**1995**	1993	1994	**1995**
Fully consolidated companies						
United States	305	300	**282**	1,529	1,568	**1,439**
Europe	161	173	**173**	887	948	**1,098**
Asia-Pacific	90	100	**97**	1,658	1,664	**1,554**
Other Areas	228	234	**213**	492	461	**432**
Total Consolidated	784	807	**765**	4,566	4,641	**4,523**
Mobil's share of production of equity companies	54	47	**45**	44	29	**31**
Total Production	838	854	**810**	4,610	4,670	**4,554**

This table presents Mobil's net production from properties in which it has a working or royalty interest and its share of production of investees accounted for on the equity method. Net production excludes royalties and quantities due others when produced, whether taken in kind or settled in cash.

United States

In the United States, Mobil produced 1,439 MMCFD of natural gas and 282 TBD of liquids, or a total of 538 TBDOE during 1995. When compared with 1994, total production decreased 7% due to natural decline of maturing fields, asset divestment, and operational disruptions including shut-in production associated with a number of hurricanes in the Gulf of Mexico.

Mobil has narrowed its exploration focus in the U.S., concentrating resources on high-potential Gulf of Mexico, outer continental shelf and deep water opportunities. Mobil is also using advanced technologies to find and develop low-cost reserves around existing infrastructures. To support these efforts and ensure continued growth, Mobil has consolidated both exploitation and exploration activities within a single new business opportunities team. In 1995, the team's efforts resulted in proved reserve additions replacing 65% of Mobil's U.S. production, excluding purchases and sales. This represents Mobil's highest replacement rate in the U.S. since 1990.

Subsequent to year-end, Mobil announced that a non-binding letter of intent had been signed with PanEnergy Corporation to negotiate the sale of Mobil's natural gas gathering and processing assets (seven operated natural gas plants and about 2,600 miles of pipeline) for approximately $300 million. The sale would also include Mobil's equity interest in 17 additional gas-gathering and processing operations which are operated by others in Texas, Utah, Louisiana and Oklahoma.

In a separate but related move, Mobil Natural Gas Inc. and PanEnergy's marketing unit are negotiating the formation of an energy marketing joint venture which would represent the third largest gas marketing operation in North America, with sales of more than 7 BCFD. Mobil would own 40%, with PanEnergy controlling the remaining 60%.

Europe

1995 was a year of continued development and production growth in Europe. Mobil's **United Kingdom** production reached a record 75 TBD of liquids and 577 MMCFD of natural gas for a cumulative total of 178 TBD oil equivalent, up 16% from the previous year. Liquids production increased 7% from productivity improvements in the Beryl, Scott and Hudson fields; gas production increased 23%, reflecting the first full year of production from the Excalibur field and the startup of four new fields (Gawain, Galahad, Ganymede and Dawn) brought on stream in the Southern Gas Basin.

Full year contributions from these new fields, together with commencement of production from Nevis South, Mordred and Katrine fields, are expected to increase 1996 production to over 185 TBD of oil equivalent.

Mobil was a successful participant in the U.K. government's 16th offshore licensing round and received four new licenses, including one in the West of Shetlands province. Within this promising area, Mobil is also progressing plans to drill its first wildcat well in 1997 on previously awarded acreage.

In **Norway**, Mobil produced 91 TBD of liquids and 51 MMCFD of gas during 1995, primarily from two of Europe's largest fields, Statfjord and Oseberg. To maximize the value of these key areas, new fields are being tied into the existing infrastructure. Two satellites are on stream in the Statfjord area, and development will begin in 1996 on two Oseberg satellites, Oseberg East and Oseberg South, scheduled for production start up in 1998 and 1999, respectively.

To help replace declining production from existing assets, Mobil acquired a 20% interest in the Njord field, and increased its share in the unitized development on Haltenbanken. The Njord field development was approved in 1995 and development is now under way with pre-drilling scheduled to begin by mid-1996. Production start up is planned for late 1997 with Mobil's share at peak rate expected to be 13 TBD.

Significant developments - continued

With a good position in the Aasgard unit, and a recent exploration discovery on a license south of Aasgard, the Haltenbanken area will become Mobil's next core area in Norway. The development of the Aasgard project is expected to yield liquids production starting in 1998, and gas sales two years later. Mobil's share of peak production will be 17 TBD and 85 MMCFD.

In early 1996, Mobil was awarded five licenses in the 15th Norwegian licensing round, including its three top-ranked bids. These awards will allow Mobil to continue exploring and to build on core production within the Norwegian sector of the North Sea.

Germany's reserve replacement for gas was 135%, the result of a very successful drilling program, including contributions from Mobil's first horizontal well in Europe (Soehlingen Z-10) and a new gas field, Alvern.

Also in 1995, Mobil started natural gas deliveries to the former East Germany, with an initial sales rate of 50 MMCFD, and finalized a new 500 BCF gas import contract with Norway.

Asia-Pacific

In **Indonesia**, the Arun field, located in northern Sumatra, supplies virtually all Mobil's Indonesian production. In 1995, production volumes averaged 1,542 MMCFD of natural gas, 41 TBD of condensate and 36 TBD of liquefied petroleum gas (LPG). Booster compression facilities, needed to maintain Arun's high gas deliverability rates, were completed and placed in operation during 1995.

Other gas fields in North Sumatra are being developed to supplement Arun production that will begin to decline. Development of the onshore South Lhok Sukon A and D fields began in 1995 with first production scheduled for 1998. The NSO "A" offshore field is planned for development beginning in 1996 with production start up in 1999.

Mobil also has a 68.6% interest in the Madura Block offshore East Java. Development of the Madura BD field will begin in 1996 to provide fuel for an electric power generation plant.

P.T. Stanvac Indonesia, which was owned 50% each by Mobil and Exxon, has been sold to an Indonesian company, Medco Energy. The sale was finalized in December, 1995.

Other

In **Canada**, the Hibernia development project continued to progress in 1995 with construction of the production platform components at the main construction site located at Bull Arm, 90 miles northwest of St. John's, Newfoundland. The eventual site of the platform will be in 260 feet of water at the Hibernia field some 195 miles offshore southeast of St. John's.

Production from this 615 million-barrel oil field will begin in late 1997 and should reach its peak production of approximately 135 TBD (Mobil's share, 45 TBD) before the year 2000. The crude will be transported to market by specially built, state-of-the-art, double hulled shuttle tankers. Mobil's share in the Hibernia project is 33.1%.

Significant developments -- continued

The Sable area, 130 miles off the east coast of Nova Scotia, has commercial potential for gas production. The group of producers (Mobil and Shell together hold about 70% of the interest) hope to tap into approximately three trillion cubic feet of natural gas believed recoverable from six fields on the Scotian Shelf. Mobil's interest in this area is roughly 40%. An additional consortium, which includes Mobil and Shell, is studying the transportation system which must be built to transport this gas to the Maritimes and northeastern U. S. markets.

This project is expected to produce about 400 MMCFD of natural gas and 10 TBD of condensate through the staged development of the six fields. Facilities will require the construction and installation of seven offshore platforms, drilling of about 30 wells, laying about 250 miles of pipeline and construction of an onshore gas processing plant. If current plans move ahead, production from Sable could commence around the turn of the century.

In **Nigeria**, 1995 average equity production was 157 TBD, somewhat lower than the 1994 level of 175 TBD due to temporary operational disruptions experienced during the year. Despite this, there was an overall increase in field producibility due to development projects associated with reservoir management and workovers. Ubit field producibility, among others, increased from 18 TBD (Mobil share) in 1994 to a record 32 TBD in 1995 as a result of technology applications, including horizontal drilling, major facilities upgrades and debottlenecking field processing.

The Inanga field development was fast-tracked in 1995 by leveraging existing infrastructure. The field came on stream in late December within a year of discovery. A peak producing rate of 20 TBD (Mobil's share, 8 TBD) is expected in 1996 when the field is fully developed.

Proved reserves in Nigeria have grown by 50% over the past six years as a result of exploration, 3-D seismic and reservoir management efforts. Mobil replaced over 300% of its 1995 production, the highest replacement ratio for any country where Mobil has production. Mobil's cost of finding and development is among the lowest in Nigeria, inasmuch as existing infrastructure continues to be optimized in progressing new development opportunities.

The Oso natural gas liquids project moved a step closer in 1995 with approval to proceed by the joint venture partners. The engineering, procurement and construction contract was awarded in early 1995, and construction is now progressing. Oso NGL is expected to stream in 1998, with peak production of 51 TBD (Mobil's share, 26 TBD) being reached by year 2000.

Despite recent political problems in the country, our operations have continued without any adverse impact.

In **Qatar**, Mobil participates in two liquefied natural gas (LNG) projects in partnership with the Qatar General Petroleum Corporation. Mobil's first LNG venture in Qatar, the Qatargas project (Mobil share 10%), expects to start producing gas and condensate in late 1996. Initial gas production will be used to commission the LNG facilities, while condensate production will be sold. Qatargas expects to deliver its first cargo to Chubu Electric Power Company of Japan in early 1997.

Mobil's second LNG project in Qatar, Ras Laffan LNG Co. Ltd. (Mobil share, 30%), signed an agreement to supply Korea Gas Corporation with 2.4 million metric tons of LNG annually for 25 years beginning in 1999. As a result of the sales commitment, Mobil added 230 MMBOE of proved reserves, more than doubling its proved reserves in Qatar.

New Business Development (NBD)

Mobil has been very active to capitalize on anticipated growth in regions such as **South America** and **Africa**, as governments begin to allow participation by foreign companies in upstream projects.

- **Venezuela:** In the Venezuelan Exploration Round in January 1996, Mobil and partners were successful bidders on the first block awarded, the 445,000-acre La Ceiba block located on the eastern shore of Lake Maracaibo in western Venezuela. Mobil will have a 50% interest in the La Ceiba block. A seismic program is scheduled to begin in 1996. During 1995, in conjunction with Lagoven, an affiliate of Petroleos de Venezuela, Mobil progressed negotiations for a heavy oil project.

- **Peru:** Mobil joined in negotiations for development of the large Camisea gas/condensate discovery, as well as for adjacent exploration acreage. Negotiations for additional exploration acreage in the Peruvian portion of the Madre de Dios basin of southern Peru are ongoing.

- **Equatorial Guinea:** Mobil and partner, United Meridian, discovered oil in the Zafiro prospect on the 547,000-acre B Block concession. The block is located offshore in the Gulf of Guinea in close proximity to Mobil production in Nigeria. Mobil, with a 75% interest, assumed operatorship of the concession at the beginning of 1995 and made the discovery shortly thereafter. Subsequent to the discovery, Mobil drilled three successful appraisal wells on the Zafiro structure.

  The Zafiro complex has been declared commercial. The fast-track development plan will consist of a floating production, storage and offloading vessel (FPSO) connected via flexible risers to subsea wells. The four existing wells will be completed as producing wells, and four more wells will be drilled in 1996. Production by year-end 1996 is projected to be at 40 TBD (Mobil Share, 30 TBD). The FPSO has been designed with the flexibility to process up to 80 TBD of crude.

- **Angola:** Mobil acquired a 21% interest in offshore Block 1 and participated in two wildcat wells during 1995. While the first well was unsuccessful, the second encountered significant signs of oil and gas. A 3-D seismic survey was acquired in late 1995 and evaluation of the area is ongoing. Mobil expects to drill a third wildcat well in 1996.

  Toward the end of 1995, Mobil and Sinangol, the national oil company, reached agreement on a production sharing contract for the deep water Block 20 in which Mobil holds a 50% interest and will operate. Mobil is acquiring new seismic data and expects to drill the first wildcat well of a two-well commitment in mid-1996.

- **Algeria:** Mobil's first wildcat well drilled on the 3.2 million-acre Touggourt concession tested 1 TBD per day of light crude. Evaluation of additional seismic data and another wildcat well are currently scheduled for 1996.

Significant developments -- continued

- **Egypt:** Production sharing contracts were negotiated on three new Western Desert concessions: East Bahariya, Marakia and Northeast Abu El Ghadariq. Government approval of the production sharing contracts is expected in early 1996. Future plans call for gathering new seismic data on all three concessions and wildcat wells on two of the concessions by year-end 1996. Mobil will hold non-operated interests of 50% in East Bahariya; 33-1/3% in Marakia; and 24% in Northeast Abu El Ghadariq.

- **Kazakstan:** Mobil is the only U.S.-based member of an international consortium selected to carry out extensive exploration of a 25 million-acre area in the environmentally sensitive northern Caspian Sea. The geophysical study is ongoing and expected to last through mid-1996, after which selection of blocks by each member company is scheduled to begin.

  In April 1995, Mobil signed a joint venture agreement and exploration and development contract with the government of Kazakstan to explore for oil and gas on the 4 million-acre Tulpar block. This block is located near the large Karachagnak and Orenburg fields in northwestern Kazakstan.

- **Azerbaijan:** Mobil initiated and completed a Work Study Agreement with the State Oil Company of the Azerbaijan Republic (SOCAR) which provided improved technical data covering prospective areas of the south Caspian offshore area.

Reserves

Mobil is required to report reserve estimates to the U.S. Department of Energy. During 1995 Mobil filed proved reserve estimates covering the year 1994 under forms EIA-23, Annual Survey of Domestic Oil and Gas Reserves, and EIA-28, Financial Reporting System. Such estimates were consistent with reserve data filed with the Securities and Exchange Commission (S.E.C.).

Wells in Process of Being Drilled at December 31, 1995	**Total Gross**	**Total Net**
United States	24	17
International	42	20
Worldwide	66	37

Improved Recovery Projects at December 31, 1995	**Being Installed Gross**	**Being Installed Net**	**In Operation Gross**	**In Operation Net**
United States	1	1	250	98
International	1	-	83	39
Worldwide	2	1	333	137

Productive Wells at December 31, 1995	U.S.	------- International -------- Europe	Asia-Pacific	Other Areas	Total	World-wide	Mult. Compl.(a)
Oil: Gross	19,801	1,106	9	2,352	3,467	23,268	753
Net	7,221	344	3	1,337	1,684	8,905	291
Gas: Gross	4,723	485	79	1,156	1,720	6,443	770
Net	2,959	140	79	272	491	3,450	411

(a) Multiple completions included in geographic totals.

Net Exploratory and Development Wells Drilled	U.S.	------- International -------- Europe	Asia-Pacific	Other Areas	Total	World-wide
1993						
Exploratory wells						
Productive	23	5	1	7	13	36
Dry	14	4	2	9	15	29
Development wells						
Productive	313	8	7	28	43	356
Dry	15	-	-	1	1	16
1994						
Exploratory wells						
Productive	42	2	-	17	19	61
Dry	19	7	5	23	35	54
Development wells						
Productive	393	14	2	17	33	426
Dry	14	-	-	1	1	15
1995						
Exploratory wells						
Productive	41	-	-	25	25	66
Dry	18	7	3	17	27	45
Development wells						
Productive	476	14	1	62	77	553
Dry	15	-	1	1	2	17

Oil and Gas Acreage at December 31, 1995 (Thousands of acres)	Undeveloped Acreage Gross	Net	Developed Acreage Gross	Net
United States	4,191	2,482	4,580	2,845
Europe	17,370	8,563	1,473	560
Asia-Pacific	33,565	19,310	102	51
Other	44,985	22,910	2,708	1,329
Total International	95,920	50,783	4,283	1,940
Worldwide	100,111	53,265	8,863	4,785

Average Sales Price/Transfer Value

The following table shows Mobil's average sales price/transfer value (transfer values are essentially equal to third-party sales prices) and average production costs in oil and gas producing activities in 1993, 1994 and 1995. In calculating the "dollar per barrel" data, the divisor used is net production. Natural gas volumes have been converted to oil equivalent barrels on a BTU (British Thermal Unit) basis, with 5,626 cubic feet of gas per barrel. Mobil's share of equity companies represents Mobil's share of results of operations for producing activities of investees accounted for on the equity method. The geographic segment "Other Areas", in this table, includes principally Canada and Nigeria.

UNITED STATES	1993	1994	**1995**
Revenues			
Crude oil (per barrel)	$13.54	$12.91	**$14.52**
NGL (per barrel)	$11.25	$10.37	**$ 9.94**
Natural gas (per thousand cubic feet)	$ 2.22	$ 1.90	**$ 1.58**
Average dollars per barrel of oil equivalent			
Revenues	$11.76	$10.51	**$10.23**
Production (lifting) costs	(4.64)	(4.48)	**(5.00)**
Exploration expenses	(.31)	(.54)	**(.37)**
Depreciation, depletion and amortization	(4.01)	(4.49)	**(5.92)**
Other operating revenues/(expenses)	(.20)	(.15)	**.16**
Income tax expense	(.87)	(.26)	**.35**
Results of operations for producing activities	$ 1.73	$ .59	**$(.55)**
Above results include the following special items:			
Asset sales and write-downs	(.06)	(.86)	**(.11)**
Environmental provision	(.02)	-	**-**
Restructuring provisions	(.05)	-	**(.26)**
Tax rate change	(.11)	-	**-**
Inventory adjustment	(.09)	-	**-**
Asset impairment (FAS 121)	-	-	**(1.87)**

EUROPE	1993	1994	**1995**
Revenues			
Crude oil (per barrel)	$17.42	$16.21	**$17.47**
NGL (per barrel)	$14.55	$11.69	**$14.32**
Natural gas (per thousand cubic feet)	$ 2.87	$ 2.70	**$ 2.70**
Average dollars per barrel of oil equivalent			
Revenues	$16.70	$15.58	**$16.16**
Production (lifting) costs	(5.85)	(5.30)	**(5.35)**
Exploration expenses	(1.65)	(1.16)	**(.95)**
Depreciation, depletion and amortization	(3.18)	(3.43)	**(3.47)**
Other operating revenues/(expenses)	.52	.53	**.92**
Income tax expense	(3.18)	(3.68)	**(4.10)**
Results of operations for producing activities	$ 3.36	$ 2.54	**$ 3.21**
Mobil's share of equity companies	$ .92	$ 1.99	**$ 2.84**
Total	$ 3.34	$ 2.53	**$ 3.20**
Above results include the following special items:			
Asset sales and write-downs	-	(.13)	**.04**
Restructuring provisions	-	(.07)	**(.19)**
Tax related items	.77	-	**.19**
Asset impairment (FAS 121)	-	-	**(.10)**

ASIA-PACIFIC	1993	1994	1995
Revenues			
Crude oil (per barrel)	$14.03	$14.93	$15.09
NGL (per barrel)	$10.09	$11.77	$16.35
Natural gas (per thousand cubic feet)	$ 2.12	$ 1.99	$ 2.15
Average dollars per barrel of oil equivalent			
Revenues	$12.02	$11.87	$12.97
Production (lifting) costs	(1.73)	(1.80)	(1.75)
Exploration expenses	(.36)	(.72)	(.56)
Depreciation, depletion and amortization	(1.25)	(1.59)	(1.50)
Other operating revenues/(expenses)	.05	(.04)	(.06)
Income tax expense	(5.12)	(4.61)	(5.26)
Results of operations for producing activities	$ 3.61	$ 3.11	$ 3.84
Mobil's share of equity companies	$ 2.65	$ .42	$ 1.75
Total	$ 3.57	$ 3.06	$ 3.80
Above results include the following special items:			
Asset sales and write-downs	-	-	.13

OTHER AREAS	1993	1994	1995
Revenues			
Crude oil (per barrel)	$16.72	$15.26	$17.03
NGL (per barrel)	$12.53	$11.44	$14.74
Natural gas (per thousand cubic feet)	$ 1.37	$ 1.29	$ .78
Average dollars per barrel of oil equivalent			
Revenues	$14.03	$13.01	$13.57
Production (lifting) costs	(4.92)	(4.40)	(5.86)
Exploration expenses	(.84)	(1.32)	(1.42)
Depreciation, depletion and amortization	(2.06)	(2.61)	(3.77)
Other operating revenues/(expenses)	1.50	.96	.73
Income tax expense	(4.57)	(4.17)	(3.46)
Results of operations for producing activities	$ 3.14	$ 1.47	$(.21)
Mobil's share of equity companies	$ .99	$ .96	$ .94
Total	$ 2.88	$ 1.40	$(.07)
Above results include the following special items:			
Asset sales and write-downs	.05	(.32)	-
Tax related items	.72	-	-
Restructuring provision	-	-	(.12)
Asset impairment (FAS 121)	-	-	(.90)

WORLDWIDE	1993	1994	1995
Revenues			
Crude oil (per barrel)	$15.53	$14.64	$16.10
NGL (per barrel)	$10.07	$ 8.99	$10.38
Natural gas (per thousand cubic feet)	$ 2.12	$ 1.96	$ 1.87
Average dollars per barrel of oil equivalent			
Revenues	$13.26	$12.38	$12.89
Production (lifting) costs	(4.23)	(3.98)	(4.47)
Exploration expenses	(.70)	(.87)	(.75)
Depreciation, depletion and amortization	(2.79)	(3.20)	(3.89)
Other operating revenues/(expenses)	.34	.23	.39
Income tax expense	(3.09)	(2.79)	(2.73)
Results of operations for producing activities	$ 2.79	$ 1.77	$ 1.44
Mobil's share of equity companies	$ 1.37	$ .96	$ 1.15
Total	$ 2.73	$ 1.75	$ 1.43
Above results include special items, net	.20	(.40)	(.93)

PETROLEUM OPERATIONS -- DOWNSTREAM

Refining

At December 31, 1995, Mobil owned or had an operating interest in 20 refineries in 12 countries. Mobil's share of crude oil refinery capacity was 2,256 TBD, 43% of which was located in the United States. Worldwide utilization of Mobil's refining capacity averaged 94% in 1993, 92% in 1994 and 92% in 1995.

Significant developments in 1995 in Mobil's refining operations included the following projects:

- At **Altona, Australia**, construction began in May, 1995 on a new fluid catalytic cracking unit, which will increase gasoline and distillate production at the refinery.
- At **Adelaide, Australia**, construction is under way on an expansion of the refinery's lube base stock capacity. It is scheduled for completion in late 1996.
- Construction is under way on a residual fuel oil upgrading unit at a joint venture refinery (Mobil's share 25%) in **Kawasaki, Japan**, and will be completed in 1997. It will increase production of gasoline and low-sulfur distillates and fuel oil.
- Approval was obtained to construct an 8 TBD lubricant base stock unit which will enhance the **Jurong, Singapore**, refinery. It is scheduled to start-up in late 1997.
- In Saudi Arabia, the Petromin Lubricating Oil Refining Company (Mobil share, 30%) is constructing a new 5.5 TBD lubricant basestock refinery in **Yanbu, Saudi Arabia**, with completion scheduled in early 1997.
- In order to improve European downstream operations, the 104 TBD **Woerth, Germany**, refinery was closed in 1995.

Marketing

Petroleum Sales Volumes By Product (TBD)	1993	1994	1995
Automotive gasoline	1,152	1,216	**1,291**
Jet fuel	215	246	**262**
Distillate	895	911	**954**
Other products	672	702	**715**
Total	2,934	3,075	**3,222**

Petroleum products are marketed extensively in the U.S. and in more than 100 other countries. Mobil has nearly 19,000 retail outlets, about 40% of which are located in the United States. Petroleum products include automotive and aviation gasolines, motor oils, lubricants and greases, marine fuels, jet fuels, fuel oil, diesel oil, kerosene, asphalts, naphthas, solvents, waxes and liquefied petroleum gas.

The principal brand names identifying Mobil's products are "Mobil Unleaded", "Mobil Super Unleaded+", "Mobil Special", "Mobil Regular", and "Mobil Premium" gasolines, and "Mobiloil", "Mobilheat", "Mobilgrease", "Mobil 1", "Delvac 1", and "Mobil" industrial and marine lubricants and process products.

In **Tianjin, China**, construction is under way on a lubricant blending plant scheduled for streaming in 1996. This is the first 100% foreign-owned oil industry facility approved in China. A second lubricant blending plant, located at **Taicang, China** (near Shanghai), has been approved and is scheduled to be streamed in 1997. Mobil has entered the lubricants market in **Venezuela** and the retail fuels markets in **Peru** and **Ecuador**.

Tankers

At December 31, 1995, Mobil owned 30 ocean-going tankers with an aggregate of 3,866 thousand deadweight tons, of which one, with a capacity of 49 thousand deadweight tons, was registered in the United States. An additional 4 tankers, aggregating 324 thousand deadweight tons, were under term charter. Mobil's second double-hull, 280 thousand deadweight-ton, very large crude carrier was ordered in 1994, with estimated delivery in mid-1996. The vessel, with a capacity of 2.2 million barrels of crude oil, will be similar to the "Eagle" which was commissioned in 1993.

Pipelines

At December 31, 1995, Mobil's U.S. pipeline system, including partly-owned facilities, consisted of 15,368 miles of crude oil, natural gas liquids, natural gas, and carbon dioxide trunk and gathering lines, and 7,880 miles of product lines. Also at that date, Mobil's pipeline system outside the U.S., including partly owned facilities, consisted of 9,182 miles of crude oil, natural gas liquids, and natural gas trunk and gathering lines, and 2,069 miles of product lines.

CHEMICAL OPERATIONS

Mobil Chemical, with manufacturing operations in 10 countries, is a large producer of petrochemicals, packaging films and specialty chemical products.

Mobil Chemical Facilities at December 31, 1995	United States	International (a)	Worldwide
Petrochemicals	5	7	12
Plastics/OPP Films	7	5	12
Additives and Synthetics	2	2	4
Research and Development	3	-	3
Total Chemical facilities	17	14	31

(a) Includes six partly owned facilities.

Principal chemical products include basic petrochemicals (ethylene, propylene, benzene, paraxylene), intermediates (ethylene glycol) and a key derivative (polyethylene). Other products include synthetic lubricant base stocks and lube additives, plastic films for packaging and industrial applications and molded plastics products.

Significant developments in 1995 in Mobil's chemical operations included the following:

- The Plastics Division, consisting of the fabricated packaging and consumer businesses, was sold in November for $1.27 billion. The sale included plants in Macedon and Canandaigua, New York; Covington, Georgia; Temple, Texas; Frankfort and Jacksonville, Illinois; Bakersfield, California; and Belleville, Ontario, Canada. In 1995, Plastics had sales revenue of approximately $1 billion. In addition, the resin trading operation, H. Muehlstein & Co, Inc., was sold in early 1996.

- In November, a grass-roots plant for the manufacture of lubricant esters was streamed in **Amsterdam, the Netherlands.** The 4.4 million gallon capacity plant will be capable of producing esters for synthetic lubricants such as Advanced Formula Mobil 1(TM), refrigeration lubricants for non-CFC compressors and biodegradable esters for environmentally sensitive applications.

- A second orienter streamed in March 1995 at the oriented polypropylene (OPP) plant in **Kerkrade, the Netherlands.** This doubles OPP capacity at the plant to over 60 million pounds.

- In January, 1996 Mobil announced worldwide oriented polypropylene (OPP) capacity expansions totaling 145 million pounds. This additional capacity will be installed at various North American and overseas locations, and will increase Mobil's annual worldwide OPP capacity from 430 million pounds to 575 pounds by year-end 1998.

- Mobil authorized projects to expand capacity at **Chalmette, Louisiana,** and **Beaumont, Texas,** as part of a program that will more than double its worldwide paraxylene production capacity. Combined, the paraxylene capacity of these expansions is 365,000 metric tons.

OTHER OPERATIONS

Mining and Minerals

Mobil Mining and Minerals produces and sells phosphate rock and fertilizers, markets Mobil's recovered sulfur in the U.S. and administers other mineral resources. The newly completed, 3.5 million ton (annual capacity) mine at South Fort Meade, Florida, was sold in December, 1995 for $283 million. We expect to divest our remaining mining assets in 1996. Phosphate rock production totaled 2.7 million tons in 1995 compared with 2.3 million tons in 1994. Phosphate minerals net sales to trade were $192 million in 1995.

Real Estate

Mobil Land Development Corporation (Mobil Land) carries on Mobil's real estate activities in the United States. Mobil Land has various properties in Arizona, California, Colorado, Florida, Georgia, Texas and Virginia. Mobil Land sales to trade were $128 million in 1993, $201 million in 1994 and $275 million in 1995. Included in 1995 is the sale of Colonial Place in Arlington, Virginia. Rents to trade were $28 million in 1993, $29 million in 1994 and $20 million in 1995. Mobil Land is a 50% partner in a resort community development in North Scottsdale, Arizona. Mobil Land is also the 100% owner of a commercial office and retail complex in Reston, Virginia.

Research

Mobil engages in research and development, principally in the U.S., Australia, France, Germany, Japan, Norway and the United Kingdom. Activities include the development of technologies and services which improve Mobil's competitiveness in core business areas -- finding oil and gas, and converting them to fuels, lubricants and chemicals while meeting environmental, health and safety standards. Annual research expense was $301 million in 1993, $275 million in 1994 and $252 million in 1995.

Item 2. Properties.

Mobil and its subsidiaries own, lease or have interests in extensive production, manufacturing, marketing, transportation and other facilities worldwide. Information on these properties has been incorporated into Item 1. Business.

Item 3. Legal Proceedings.

Environmental Litigation

Mobil periodically receives notices from the Environmental Protection Agency (EPA) or equivalent agencies at the state level that Mobil is a "potentially responsible party" under Superfund or equivalent state legislation with respect to various waste disposal sites. The majority of these sites are either still under investigation by the EPA or the state agencies concerned, or under remediation, or both. In certain instances, Mobil and other potentially responsible parties have been named in court or administrative proceedings by federal or state agencies seeking the cleanup of these sites. Mobil has also been named as a defendant in various suits brought by private parties alleging injury from disposal of wastes at these sites. The ultimate impact of these proceedings on the business or accounts of Mobil cannot be predicted at this time due to the large number of other potentially responsible parties and the speculative nature of clean-up cost estimates, but based on our long experience in managing environmental matters, we do not anticipate that the aggregate level of future remediation costs will increase above recent levels so as to materially and adversely affect our consolidated financial position or liquidity.

On October 20, 1995, a proceeding involving Mobil Oil Corporation's Joliet, Illinois, refinery was brought by the Environmental Protection Agency. The penalty sought is $146,000. It is alleged that Mobil Oil Corporation violated the Illinois State Implementation Plan under the Clean Air Act, violated the state air regulatory standards for opacity, particulates and carbon monoxide and failed to comply with an Agency request under the Clean Air Act.

The matter described in the preceding paragraph is not of material importance in relation to Mobil's accounts and is described in compliance with SEC rules regarding disclosure of such matters although not material.

Other Than Environmental Litigation

Mobil and its subsidiaries are engaged in various litigations and have a number of unresolved claims pending. While the amounts claimed are substantial and the ultimate liability in respect of such litigations and claims cannot be determined at this time, Mobil is of the opinion that such liability, to the extent not provided for through insurance or otherwise, is not likely to be of material importance in relation to its accounts.

Mobil has provided in its accounts for items and issues not yet resolved based on management's best judgement.

Item 4. Submission of Matters to a Vote of Security Holders.

None submitted.

PART II

The information required by Items 5 through 7 is incorporated herein by reference to Mobil's 1995 Annual Report to Shareholders. The charts, graphs and associated captions appearing on pages 17 through 32 of Mobil's 1995 Annual Report to Shareholders are not incorporated into this Annual Report on Form 10-K. Below is an index to the incorporated information.

Item 8. Financial Statements and Supplementary Data.

See page 19 for a list of the financial statements and supplementary data including those incorporated herein by reference to Mobil's 1995 Annual Report to Shareholders.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Item 11. Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Item 13. Certain Relationships and Related Transactions.

For Item 10, the names and ages of the Executive Officers of Mobil as of March 1, 1996, and the position(s) each of them has held during the past five years, are provided on page 18 of this Annual Report on Form 10-K. The other information called for by Item 10, and the information called for by Items 11, 12 and 13, is incorporated by reference to the Registrant's definitive proxy statement for its Annual Meeting of Shareholders, to be held on May 9, 1996, which will be filed with the S.E.C. within 120 days after December 31, 1995.

Information required by Item 10 of this report related to the names and ages of the Executive Officers of Mobil Corporation as of March 1, 1996, and the position(s) each of them has held during the past five years, is provided below.

Executive Officers of the Registrant

Name (Age)	Position(s) Held During Past Five Years	Years Held
Rex D. Adams (55)	Vice President, Administration	1988 - Present
Walter R. Arnheim (51)	Treasurer	1995 - Present
	Vice President, Planning and Economics	1991 - 1995
	Controller/Treasurer, Exploration and Producing Division, Mobil Oil Corporation	1988 - 1991
George Broadhead (60)	Acting Controller	1996 - Present
	Senior Assistant Controller	1990 - 1995
Thomas C. DeLoach, Jr. (48)	Senior Vice President, Chief Financial Officer	1994 - Present
	Executive Vice President - International, Marketing and Refining Division, Mobil Oil Corporation	1993 - 1994
	Vice President, Supply and Trading, Marketing and Refining Division, Mobil Oil Corporation	1991 - 1993
	Vice President, Planning and Economics	1990 - 1991
Charles H. DuBois (46)	Corporate Secretary and Secretary of the Board of Directors and Executive Committee	1996 - Present
	General Counsel, Mobil Exploration and Producing U.S. Inc.	1989 - 1996
Samuel H. Gillespie III (53)	Vice President	1996 - Present
	General Counsel	1995 - Present
	Associate General Counsel	1994 - 1995
	General Counsel, Exploration and Producing Division, Mobil Oil Corporation	1990 - 1994
Aldis V. Liventals (53)	Vice President, Planning and Economics	1995 - Present
	Vice President, Middle East and Marine Transportation Marketing and Refining Division, Mobil Oil Corporation	1993 - 1995
	Region Executive, Mobil Asia Pacific Pte. Limited	1991 - 1993
Lucio A. Noto (57)	Chairman of the Board and Chief Executive Officer	1994 - Present
	President and Chief Operating Officer	1993 - Present
	Chief Financial Officer	1989 - 1993
	Vice President, Finance	1988 - 1993
Robert O. Swanson (59)	Senior Vice President, responsible for: Mobil Chemical Company; Mobil Mining and Minerals Company; Mobil Land Development Corporation; and Mobil Technology Corporation	1993 - Present
	Executive Vice President, International, Marketing and Refining Division, Mobil Oil Corporation	1985 - 1993

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

Mobil's consolidated financial statements, together with the report thereon of Ernst & Young LLP, independent auditors, dated February 23, 1996, and Supplementary Information appearing in Mobil's 1995 Annual Report to Shareholders on the pages indicated below, are incorporated herein by reference. With the exception of the aforementioned information, no other data appearing in Mobil's 1995 Annual Report to Shareholders are deemed to be filed as part of this Annual Report under Items 8 and 14. The charts, graphs and associated captions appearing on pages 30 through 48 of Mobil's 1995 Annual Report to Shareholders are not incorporated into this Annual Report on Form 10-K.

Financial Statement Schedules:

	Page(s)	
	1995 Annual Report on Form 10-K	1995 Annual Report to Shareholders
(a)1. Financial Statements.		
Consolidated Statement of Income	-	29
Consolidated Statement of Changes in Shareholders' Equity	-	29
Consolidated Balance Sheet	-	31
Consolidated Statement of Cash Flows	-	33
Segment and Geographic Information	-	34,35
Notes to Financial Statements	-	36-48
Report of Ernst & Young LLP, Independent Auditors	-	49
Supplementary Information	-	27,50-53
Summarized Financial Data for Mobil Oil Corporation	21	-
(a)2. Financial Statement Schedules.		
Schedule II -- Valuation and Qualifying Accounts	22	-

Schedules not included above have been omitted because they are not applicable, not material, or the required information is given in the financial statements or notes thereto or combined with the information presented in other schedules.

(a)3. Exhibits

An index to exhibits filed as part of this Annual Report on Form 10-K is included on page 24.

(b) Reports on Form 8-K.

Date of 8-K	Description of 8-K
October 2, 1995	Submitted a copy of the Mobil News Release dated October 2, 1995, announcing the sale of Mobil Chemical Company's Plastics Division to Tenneco Inc.
October 23, 1995	Submitted a copy of the Mobil News Release dated October 23, 1995, reporting estimated earnings for the third quarter of 1995.
December 15, 1995	Submitted (1) a copy of the Mobil News Release dated December 15, 1995, reporting that Mobil will adopt the Statement of Financial Accounting Standard (FAS) 121 in the fourth quarter of 1995 and (2) a copy of the Mobil News Release dated December 15, 1995, announcing that Mobil's board of directors has approved an updated Preferred Share Purchase Rights Plan to replace the current plan when it expires April 30, 1996.
January 22, 1996	Submitted a copy of the Mobil News Release dated January 22, 1996, reporting estimated earnings for the fourth quarter and full year of 1995.
February 14, 1996	Submitted a copy of the Mobil News Release dated February 14, 1996, announcing that Mobil Exploration and Producing Australia Pty. Ltd. (MEPA) has acquired a substantial position in Ampolex Limited through the purchase of its listed securities and has made a proposal to acquire the Australian oil and gas exploration and producing company.
February 29, 1996	Submitted a copy of the Mobil News Release dated February 29, 1996, announcing that BP and Mobil will combine their European operations in the refining and marketing of fuels and lubricants.

(c) Supplemental Financial Information.

SUMMARIZED FINANCIAL DATA

Summarized financial data of Mobil Oil Corporation, a wholly-owned subsidiary of Mobil Corporation, are presented below. The year-end net obligations to Mobil Corporation amounted to $2,676 million in 1993, $1,737 million in 1994 and $3,373 million in 1995.

Mobil Oil Corporation engages in an integrated petroleum business and a chemical business in the U.S., and certain of its subsidiaries are engaged in petroleum operations outside the U.S. On December 31, 1995, Mobil Oil Corporation transferred to its parent corporation, Mobil Corporation, its ownership of the shares of Mobil International Petroleum Corporation, whose subsidiaries conduct the bulk of the non-U.S. petroleum operations of the Mobil group of companies. This transfer of ownership is reflected in Exhibit 21, Subsidiaries of the Registrant, and in the summarized balance sheet data below.

MOBIL OIL CORPORATION (Millions of dollars)	1993	1994	1995
At December 31:			
Current assets	$ 10,863	$ 12,942	$ 4,117
Noncurrent assets	24,209	25,006	11,946
Current liabilities	(11,113)	(12,398)	(5,794)
Long-term debt	(6,218)	(6,639)	(4,301)
Deferred credits and other liabilities	(4,617)	(4,899)	(2,586)
Minority interests, primarily Mobil Corporation	(1,138)	(1,165)	(1,202)
Net assets	$ 11,986	$ 12,847	$ 2,180
Year ended December 31:			
Gross revenues	$ 60,522	$64,032	$ 71,893
Income before taxes and change in accounting principle	2,274	2,487	3,791
Income after taxes but before change in accounting principle	1,032	1,186	2,269
Cumulative effect of change in accounting principle (a)	-	(680)	-
Net income	1,032	506	2,269

(a) Reflects the adoption of a change in the accounting method used to apply the lower of cost or market test for crude oil and product inventories in 1994.

FINANCIAL STATEMENT SCHEDULE

MOBIL CORPORATION
SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 1993, 1994 and 1995
(Millions of dollars)

Description	Balance Beginning of Period	Additions	Deductions	Balance End of Period
For the year ended December 31, 1993:				
Reserves deducted in the balance sheet from the assets to which they apply:				
For doubtful accounts (a)	$115	$ 76	$63	$128
For investments and long-term receivables	31	4	3	32
For deferred tax assets	134	37	-	171
For the year ended December 31, 1994:				
Reserves deducted in the balance sheet from the assets to which they apply:				
For doubtful accounts (a)	$128	$ 36	$42	$122
For investments and long-term receivables	32	3	-	35
For deferred tax assets (b) ..	171	256	48	379
For the year ended December 31, 1995:				
Reserves deducted in the balance sheet from the assets to which they apply:				
For doubtful accounts (a)	$122	$ 58	$74	$106
For investments and long-term receivables	35	5	-	40
For deferred tax assets (b) ..	379	9	77	311

(a) Deductions include accounts written off.

(b) Deductions reflect utilization of tax credit carryforwards.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant, Mobil Corporation, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGISTRANT MOBIL CORPORATION

By: G Broadhead

(George Broadhead,
Acting Controller,
Principal Accounting Officer)

Date: March 11, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on March 11, 1996 on behalf of the registrant and in the capacities indicated.

Signature	Title
Lucio A. Noto* (Lucio A. Noto)	Director, Chairman of the Board and President, Principal Executive and Operating Officer
Thomas C. DeLoach, Jr.* (Thomas C. DeLoach, Jr.)	Principal Financial Officer
George Broadhead* (George Broadhead)	Acting Controller, Principal Accounting Officer

DIRECTORS

Lewis M. Branscomb*
Donald V. Fites*
Charles A. Heimbold, Jr.*
Paul J. Hoenmans*
Allen F. Jacobson*
Samuel C. Johnson*
Helene L. Kaplan*
J. Richard Munro*
Aulana L. Peters*
Eugene A. Renna*
Charles S. Sanford, Jr.*
Robert G. Schwartz*
Robert O. Swanson*

*By Gordon G Garney

(Gordon G. Garney, Attorney-in-fact)

Date: March 11, 1996

EXHIBIT INDEX

EXHIBIT		SUBMISSION MEDIA
3(i).1	Certificate of Incorporation of Mobil Corporation, as amended, in effect October 27, 1989.	Incorporated by reference to Exhibit 3-a(i) to the Registration Statement on Form S-3 (S.E.C. File No. 33-32651), filed under Form SE dated December 14, 1989.
3(i).2	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock of Mobil Corporation dated April 25, 1986.	Incorporated by reference to Exhibit 3-a(ii) to the Registration Statement on Form S-3 (S.E.C. File No. 33-32651), filed under Form SE dated December 14, 1989.
3(i).3	Certificate of Designation, Preferences and Rights of Series B ESOP Convertible Preferred Stock of Mobil Corporation dated November 22, 1989.	Incorporated by reference to Exhibit 3-a(iii) to the Registration Statement on Form S-3 (S.E.C. File No.33-32651), filed under Form SE dated December 14, 1989.
3(ii).4	By-laws of Mobil Corporation, as amended to December 16, 1994.	Incorporated by reference to Exhibit 3.4 filed on Form 8-K dated July 6, 1995.
10.1	1995 Mobil Incentive Compensation and Stock Ownership Plan.	Incorporated by reference to definitive Proxy Statement filed March 20, 1995.
10.2	1991 Mobil Incentive Compensation and Stock Option Plan.	Incorporated by reference to Exhibit 15 to the Registration Statement on Form S-8 (S.E.C. File No. 33-48887) filed August 10, 1992.
10.3	1986 Mobil Incentive Compensation and Stock Option Plan.	Incorporated by reference to Exhibit 15 to the Registration Statement on Form S-8 (S.E.C. File No. 33-5797) filed May 20, 1986.
11.	Computation of Earnings per Common Share. (Page 25)	Electronic
12.	Computation of Ratio of Earnings to Fixed Charges. (Page 26)	Electronic
13.	Mobil Corporation 1995 Annual Report to Shareholders.	Electronic
21.	Subsidiaries of the Registrant. (Pages 27-29)	Electronic
23.	Consent of Ernst & Young LLP, Independent Auditors, dated March 6, 1996. (Page 30)	Electronic
24.1	Power of attorney dated as of February 23, 1996, executed by the Board of Directors of Mobil Corporation authorizing execution of Annual Report on Form 10-K.	Electronic
24.2	Certified copy of Board of Directors' Resolutions adopted February 23, 1996, authorizing signature by officers pursuant to power of attorney.	Electronic
27.	Financial Data Schedule	Electronic

Exhibit 11

MOBIL CORPORATION
COMPUTATION OF EARNINGS PER COMMON SHARE
(Millions of dollars except per-share amounts; number of shares in thousands)

Primary	1993	1994	1995
Income before change in accounting principle	$2,084	$1,759	$2,376
Less dividends on preferred stock	59	58	56
Adjusted income applicable to common shares before change in accounting principle	$2,025	$1,701	$2,320
Cumulative effect of change in accounting principle	-	(680)	-
Adjusted net income applicable to common shares	$2,025	$1,021	$2,320
Weighted average number of primary common shares outstanding	399,154	397,955	395,444
Issuable on assumed exercise of stock options	2,500	2,918	3,984
Total	401,654	400,873	399,428
Primary earnings per common share			
Income applicable to common shares before change in accounting principle	$ 5.04	$ 4.24	$ 5.81
Cumulative effect of change in accounting principle	-	(1.69)	-
Net income per common share	$ 5.04	$ 2.55	$ 5.81

Fully Diluted	1993	1994	1995
Income before change in accounting principle	$2,084	$1,759	$2,376
Less additional contribution to ESOP	27	-(a)	22
Less dividends on preferred stock	-	58(a)	-
Adjusted income applicable to common shares before change in accounting principle	$2,057	$1,701	$2,354
Cumulative effect of change in accounting principle	-	(680)	
Adjusted net income applicable to common shares	$2,057	$1,021	$2,354
Weighted average number of primary common shares	401,654	400,873	399,428
Increment to assumed exercise of stock options to reflect maximum dilutive effect	755	392	1,362
Assumed conversion of preferred stock	9,807	-(a)	9,286
Total	412,216	401,265	410,076
Fully diluted earnings per common share			
Adjusted income before change in accounting principle(s)	$ 4.99	$ 4.24	$ 5.74
Cumulative effect of change in accounting principle.	-	(1.70)	-
Net income per common share	$ 4.99	$ 2.54	$ 5.74

This Exhibit is included to show that dilution of earnings per common share is immaterial and therefore not necessary for presentation on the Consolidated Statement of Income.

(a) For the year ended December 31, 1994, the incremental shares attributable to the assumed conversion of preferred stock were not considered for the fully diluted earnings per share calculation due to their antidilutive effect.

Exhibit 12

MOBIL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(In millions, except for ratio amount)

	Year Ended December 31,				
	1991	**1992**	**1993**	**1994**	**1995**
Income Before Change in Accounting Principle(s)	$1,920	$1,308	$2,084	$1,759	**$2,376**
Add:					
Income taxes	2,105	1,567	1,931	1,919	**2,015**
Portion of rents representative of interest factor	344	319	339	340	**368**
Interest and amortization of debt discount expense	713	612	529(a)	461	**467**
Earnings (greater) less than dividends from equity affiliates	(151)	36	265	(40)	**(51)**
Income as Adjusted	$4,931	$3,842	$5,148	$4,439	**$5,175**
Fixed Charges:					
Interest and amortization of debt discount expense	$ 713	$ 612	$ 529(a)	461	**$ 467**
Capitalized interest	20	42	42	37	**47**
Portion of rents representative of interest factor	344	319	339	340	**368**
Total Fixed Charges	$1,077	$ 973	$ 910	$ 838	**$ 882**
Ratio of Earnings to Fixed Charges	4.6	3.9	5.7(a)	5.3	**5.9**

For the years ended December 31, 1991, 1992, 1993, 1994 and 1995, Fixed Charges exclude $42 million, $37 million, $31 million, $37 million and $28 million, respectively, of interest expense attributable to debt issued by the Mobil Oil Corporation Employee Stock Ownership Plan Trust and guaranteed by Mobil.

(a) Excludes the favorable effect of $205 million of interest benefits from the resolution of prior-period tax issues.

Exhibit 21

MOBIL CORPORATION

Subsidiaries of the Registrant

Level		Organized under Laws of	Percentage of Voting Securities Owned by Immediate Parent
1	**Mobil Corporation**	Delaware	
	Major Subsidiaries as of December 31, 1995:		
2	Mobil Administrative Services Company Inc.	Delaware	100.00
2	Mobil Exploration & Producing U.S. Inc.	Delaware	100.00
2	Mobil Exploration and Producing North America Inc.	Nevada	100.00
3	Mobil Investments Canada Inc.	Delaware	34.69*
4	Mobil Oil Canada, Ltd.	Canada	100.00
3	Mobil Oil Indonesia Inc.	Delaware	100.00
2	Mobil International Finance Corporation	Delaware	100.00
3	Mobil Investments Inc.	Delaware	100.00
2	Mobil Land Development Corporation	Delaware	100.00
2	Mobil Natural Gas Inc.	Delaware	100.00
2	Mobil International Petroleum Corporation	Delaware	100.00
3	Mobil de Colombia S.A.	Colombia	80.07
3	General Petroleum Company, Inc.	New York	100.00
4	Mobil Oil do Brazil (Industria e Comercio) Ltda.	Brazil	10.00*
4	Mobil Oil Egypt (S.A.E.)	Egypt	.36*
3	Mobil Chemical International Ltd.	Delaware	100.00
3	Mobil Exploration Norway Inc.	Delaware	100.00
3	Mobil Oil Abu Dhabi Inc.	Delaware	100.00
3	Mobil Oil Aktiengesellschaft	Germany	10.00*
4	Mobil Erdgas-Erdoel GMBH	Germany	100.00
4	Mobil Marketing Und Raffinerie GMBH	Germany	100.00
5	Mobil Beteiligungs-und Vertriebsgesellschaft MBH	Germany	100.00
3	Mobil Oil Cameroun	Cameroon	100.00
3	Mobil Oil Company de Colombia	Delaware	100.00
4	Mobil de Colombia S.A.	Colombia	.06
3	Mobil Oil Cote d'Ivoire	Ivory Coast	100.00
3	Mobil Oil do Brazil (Industria e Comercio) Ltda.	Brazil	90.00*
3	Mobil Oil East Africa Limited	Delaware	100.00
3	Mobil Oil Egypt (S.A.E.)	Egypt	99.28*
3	Mobil Oil Francaise	France	99.98
4	Mobil Oil Maroc	Morocco	12.45*
3	Mobil Oil Malaysia Sendirian Berhad	Malaysia	100.00
3	Mobil Oil Singapore Pte. Ltd.	Singapore	100.00
3	Mobil Petroleum Company Inc.	Delaware	100.00

(Level indicates the parent/subsidiary hierarchical relationship.)

(Asterisk indicates 100% ownership held by two or more Mobil subsidiaries.)

Exhibit 21

MOBIL CORPORATION
Subsidiaries of the Registrant

Level		Organized under Laws of	Percentage of Voting Securities Owned by Immediate Parent
1	**Mobil Corporation (continued)**		
2	Mobil International Petroleum Corporation (continued)		
3	Mobil Petroleum Company Inc. (continued)		
4	Mobil Australia Finance Company Inc.	Delaware	100.00
4	Mobil de Colombia S.A.	Colombia	16.28
4	Mobil Europe Inc.	Delaware	100.00
4	Mobil Holdings (U.K.) Limited	Delaware	100.00
5	Mobil Holdings (Europe and Africa) Limited	Delaware	100.00
6	Mobil Oil Portuguesa, LDA.	Portugal	99.98*
5	Mobil Holdings Limited	United Kingdom	99.93
6	Mobil Oil Company Limited	United Kingdom	100.00
7	Vacuum Oil Company Limited	United Kingdom	100.00
6	Mobil Trading and Supply Limited	United Kingdom	100.00
5	Mobil North Sea Limited	Delaware	100.00
5	Mobil Oil Hellas A.E.	Greece	.03*
5	Superior Oil (U.K.) Limited	United Kingdom	99.90*
4	Mobil Holdings Benelux Inc.	Delaware	100.00
5	Mobil Oil B.V.	The Netherlands	100.00
6	Mobil Oil, S.A.	Spain	100.00
5	Mobil Oil Hellas A.E.	Greece	99.97*
4	Mobil Marine Transportation Limited	Canada	100.00
5	Mobil Shipping and Transportation Company	Liberia	100.00
4	Mobil Oil (Switzerland)	Switzerland	100.00
5	Benoil SA	Switzerland	100.00
4	Mobil Oil Aktiengesellschaft	Germany	90.00*
4	Mobil Oil Australia Limited	Australia	100.00
5	Vacuum Oil Company Proprietary Limited	Australia	100.00
6	Mobil Refining Australia Pty LTD. ...	Australia	100.00
4	Mobil Oil Austria Aktiengesellschaft	Austria	100.00
4	Mobil Oil Egypt (S.A.E.)	Egypt	.36*
4	Mobil Oil Hong Kong Limited	Hong Kong	99.90
4	Mobil Oil Kazakhstan Inc.	Delaware	100.00
4	Mobil Oil Maroc	Morocco	87.55*
4	Mobil Oil New Zealand Limited	New Zealand	100.00
4	Mobil Oil Qatar Inc.	Delaware	100.00
4	Mobil Oil Turk A.S.	Turkey	100.00
4	Mobil Producing Netherlands Inc.	Delaware	100.00
4	Mobil Saudi Arabia Inc.	Delaware	100.00
4	Mobil Sekiyu Kabushiki Kaisha	Japan	100.00

(Level indicates the parent/subsidiary hierarchical relationship.)

(Asterisk indicates 100% ownership held by two or more Mobil subsidiaries.)

Exhibit 21

MOBIL CORPORATION
Subsidiaries of the Registrant

Level		Organized under Laws of	Percentage of Voting Securities Owned by Immediate Parent
1	**Mobil Corporation (continued)**		
2	Mobil International Petroleum Corporation (continued)		
3	Mobil Petroleum Company Inc. (concluded)		
4	Mobil Vietnam Inc.	Delaware	100.00
4	Mobil Yanbu Petrochemical Company Inc.	Delaware	100.00
4	Mobil Yanbu Refining Company Inc.	Delaware	100.00
4	Mobil Petrochemical Sales and Supply Corporation	Delaware	100.00
3	Mobil Petrochemicals International Limited	Delaware	100.00
3	Mobil Plastics Europe, Inc.	Delaware	100.00
4	Mobil Petrochemical Holdings Co. Inc.	Delaware	100.00
3	Mobil Sales and Supply Corporation	Delaware	100.00
4	Mobil Gas Liquids Trading, Inc.	Delaware	100.00
2	Mobil Oil Corporation	New York	100.00
3	Mobil Alaska Pipeline Company	Delaware	100.00
3	Mobil Chemical Company Inc.	Delaware	100.00
3	Mobil Development Nigeria Inc.	Delaware	100.00
4	Mobil Producing Nigeria Unlimited	Nigeria	50.00*
3	Mobil Exploration and Development Venezuela Inc.	Delaware	100.00
3	Mobil Exploration and Producing Services Inc.	Delaware	100.00
3	Mobil Exploration Nigeria Inc.	Delaware	100.00
4	Mobil Producing Nigeria Unlimited	Nigeria	50.00*
3	Mobil Oil Credit Corporation	Delaware	100.00
3	Mobil Oil Nigeria Public Limited Company	Nigeria	60.00
3	Mobil Oil Refining Corporation	Delaware	100.00
3	Mobil Pipe Line Company	Delaware	100.00
3	Mobil Technology Company	Delaware	100.00
3	Mobil Rocky Mountain Inc.	Delaware	100.00
4	Mobil Investments Canada Inc.	Delaware	65.31*
2	Mobil Producing Texas & New Mexico Inc.	Delaware	100.00
2	Mobil Qatargas Inc.	Delaware	100.00
2	The Superior Oil Company	Delaware	100.00
2	Tucker Housewares Inc.	Delaware	100.00

(Level indicates the parent/subsidiary hierarchical relationship.)

(Asterisk indicates 100% ownership held by two or more Mobil subsidiaries.)

Exhibit 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report on Form 10-K of Mobil Corporation of our report dated February 23, 1996, included in the 1995 Annual Report to Shareholders of Mobil Corporation.

Our audits also included the financial statement schedule of Mobil Corporation and the summarized financial data of Mobil Oil Corporation listed in Item 14(a). This schedule and the summarized financial data are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule and summarized financial data referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-18130) pertaining to the Employees Savings Plan of Mobil Oil Corporation; Form S-8 (No. 33-5797) pertaining to the 1986 Mobil Incentive Compensation and Stock Option Plan; Form S-3 (No. 33-34133-01) of the Mobil Oil Corporation Employee Stock Ownership Plan Trust for the registration of $300,000,000 principal amount of debt securities guaranteed by Mobil Corporation; Form S-3 (No. 33-43745) for the registration of $1,500,000,000 of Mobil Corporation Debt Securities; Form S-3 (No. 33-49945) for the registration of $1,500,000,000 of Mobil Corporation Debt Securities; Form S-8 (No. 33-48887) pertaining to the 1991 Mobil Incentive Compensation and Stock Option Plan; Form S-3 (No. 33-50943) pertaining to the Mobil Corporation Stock Purchase and Dividend Reinvestment Plan for the registration of 5,000,000 shares of Mobil Corporation Common Stock and related Preferred Share Purchase Rights; Form S-8 (No. 33-61657) pertaining to the 1995 Mobil Incentive Compensation and Stock Ownership Plan; and in the related Prospectuses of our report dated February 23, 1996, with respect to the financial statements incorporated herein by reference and our report included in the preceding paragraph with respect to the financial statement schedule and the summarized financial data included in this Annual Report on Form 10-K of Mobil Corporation.

Ernst + Young LLP

Ernst & Young LLP

Fairfax, Virginia
March 6, 1996

Mobil Annual Report 1995

MOBIL AT

WHAT WE DO	MAJOR STRENGTHS
Mobil Corporation stands among the world's leading oil, gas and petrochemical companies. We cover the length of the energy chain, with businesses in exploration, producing, supply, transportation, manufacturing and marketing. Serving more than 125 countries, we take pride in our partnerships all over the globe.	Mobil's reputation is solid on many accounts: a talented and diverse work force, customer focus, valuable assets, quality products, financial flexibility, innovative technology, environmental performance and effective management of large ventures. This reputation has helped Mobil steadily build shareholder returns.
Exploration & Producing searches for and produces crude oil and natural gas around the world. We're also a major processor and marketer of gas products like liquefied natural gas. Established operations continue in North America, the North Sea, Nigeria, Indonesia and elsewhere, while activity grows in countries with emerging potential.	Financial resources, technology, project management skills and environmental performance are major assets that help us enter oil and gas ventures around the world. In recent years, they've helped Mobil capture attractive new opportunities in South America, Africa, the former Soviet Union and the Middle East.
Marketing & Refining processes crude oil into high-quality fuels, lubricants, petrochemical feedstocks and more at 20 refineries. Thousands of products have gained the trust of retail, commercial and industrial customers. "Mobil" brands nearly 19,000 service stations worldwide. Supply, trading and transportation activities optimize operations.	Operations are strong across the high-growth Asia-Pacific region. In the U.S., our refineries are among the best at processing lower-cost crude oils into high-margin products. Worldwide, we're among the industry leaders in lubricants. Operating costs have been cut sharply, even as we've upgraded facilities and grown the business.
Mobil Chemical makes and markets basic petrochemicals that are the building blocks of thousands of products. We're market leaders in oriented polypropylene film, an innovative food-packaging product. We also make base stocks for high-performance synthetic lubes, fuel and lube additives, and catalysts for refining and chemical processes.	Advanced technologies and low-cost manufacturing facilities give us competitive positions in growing markets. A streamlined organization has reduced operating costs to competitive levels. With recent divestitures, our asset base is more sharply focused on business segments where we can achieve superior returns.

TABLE OF CONTENTS

FINANCIAL HIGHLIGHTS

Income before change in accounting principle (millions)
Per common share (based on average shares outstanding)
Net income (millions)
Per common share (based on average shares outstanding)
Return on average shareholders' equity
Return on average capital employed
Income per dollar of revenue
Petroleum earnings per gallon sold
Revenues (millions)
Total assets, year-end (millions)
Capital and exploration expenditures (millions)
Shareholders' equity, year-end (millions)
Per common share (based on shares outstanding at year-end)
Common shares outstanding, year-end (thousands)
Shareholders of common stock, year-end
Number of employees, year-end

(1) After charge of $680 million for change in accounting principle.
(2) Based on income before change in accounting principle.
(3) Not meaningful.

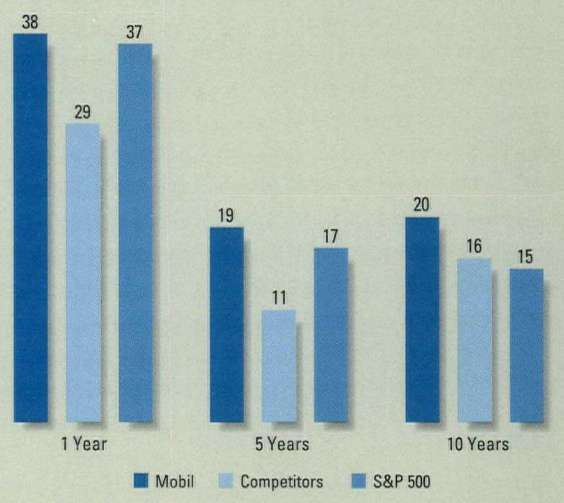
A GLANCE

HOW WE DID IN '95	WHAT'S AHEAD
Operating earnings went up $615 million – a hefty 28% – to a record $2.8 billion. We had no net help from business conditions. Higher oil prices and petrochemical margins were offset by weak North American and U.K. gas prices and worldwide refining margins. We benefited from strong operating performance, increased sales and cost reductions.	We'll pursue a balanced effort to boost competitiveness. Effective cost management and sales of assets that don't meet our performance criteria will remain strategic practices. We'll also seize opportunities to grow core businesses. Expect asset acquisitions, higher sales and further expansions in high-growth businesses and geographic markets.
Operating earnings were up $73 million to $1.4 billion. At year-end, daily production records were set in Nigeria and the U.K., not quite offsetting natural declines in North America. We replaced 106% of production with new reserves, excluding purchases and sales. Exploration yielded significant discoveries in Equatorial Guinea, Nigeria and Norway.	Capital spending on large, new ventures will grow, increasing reserves and production into the next century. Natural gas projects in Qatar will soon start deliveries to Asia. West African oil production will grow. We'll also create new natural gas markets as we pursue power plant projects in key geographic areas.
Operating earnings rose to a nine-year high – $1.14 billion, or 18% over 1994 – despite lower worldwide refining margins. U.S. operating income, $330 million, was among the highest in the industry. We also profited from continued operating improvements in Europe and our competitive strength in the Asia-Pacific region.	We'll stay focused on serving customers, improving efficiency and cutting expenses. Expansions and increased product sales will continue, mainly in the Asia-Pacific region, Latin America and Africa. We intend to become the worldwide leader in lubes. Refinery upgrades in Japan, Australia and Singapore will yield quality, cost-competitive products.
Operating earnings tripled to a record-high $679 million. Industrywide petrochemical margins improved, and our slimmed-down organization boosted productivity and cut costs. We took strong steps to focus on core segments. We sold plastics businesses for over $1.2 billion.	We're expanding our businesses to meet growing customer demands. New paraxylene plant capacity will go into service on the U.S. Gulf Coast in early 1997. In 1998, ethylene production at Beaumont, Texas, will increase significantly. Production capacity for oriented polypropylene will expand.

1994	**1995**	%Change
$ 1,759	**$ 2,376**	35
4.28	**5.87**	37
$ 1,079(1)	**$ 2,376**	N/M(3)
2.57(1)	**5.87**	N/M(3)
10.4%(2)	**13.5%**	—
8.4%(2)	**10.9%**	—
2.6¢ (2)	**3.2¢**	23
3.1¢	**2.3¢**	(26)
$ 67,383	**$ 75,370**	12
41,542	**42,138**	1
3,825	**4,268**	12
17,146	**17,951**	5
42.61	**44.71**	5
395,987	**394,560**	—
193,900	**188,800**	(3)
58,500	**50,400**	(14)

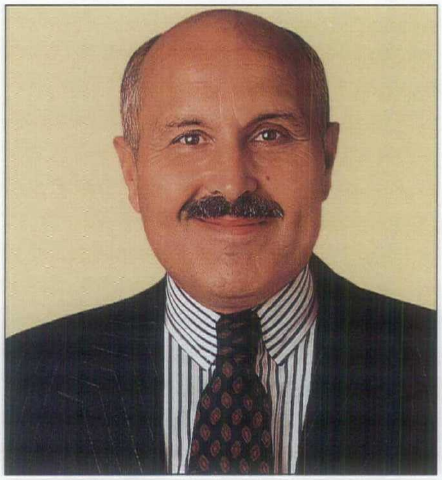
AVERAGE ANNUAL RETURNS TO SHAREHOLDERS

Mobil share-price appreciation plus reinvested dividends, %
As of year-end 1995



LETTER TO SH

I'm pleased to report that Mobil's financial results for 1995 were strong. Earnings from operations hit an all-time high of $2.8 billion—28% over 1994 results. On balance, Mobil had no help from industry commodity prices and margins—higher oil prices and petrochemical margins were offset by weaknesses in natural gas prices in North America and the United Kingdom and slimmer refining margins worldwide.



Lucio A. Noto

How did we do so well? Mobil people around the world achieved this excellent performance, and we are grateful to all of them. We cut controllable cash operating costs by more than $300 million before taxes. In fact, we've reduced these expenses by over $1.1 billion since 1991, despite an estimated $1.5 billion in higher costs from inflation and volume growth. Higher petroleum product and petrochemical volumes also helped in 1995.

Reserve replacement remained strong. We replaced 106% of 1995 oil and gas production with new reserves, excluding purchases and sales. One major contributor was the addition of the first gas reserves that will be processed by our Ras Laffan liquefied natural gas venture in Qatar. We were disappointed in our total oil and gas production—down 4%—after ranking among the industry's best in production volume gains over the previous five years. Temporary operating problems hurt us in Nigeria along with natural declines in the U.S. Our goal is to profitably grow production, and we are confident we can achieve this.

Shareholders have already gained from our 1995 improvements. In the second quarter, we raised Mobil's dividend 9%, marking eight straight years of higher dividends. For 1995, the total return to shareholders—dividends and stock-price appreciation combined—was 38% versus a 29% average for our major competitors. More important, Mobil's annual return over the past five years averaged 19%—best among competition and better than the 17% average for the Standard & Poor's 500.

You might recall that in our 1994 report I described two goals we aimed to reach by 1998: first, to increase operating earnings by $1 billion to reach $3.2 billion, even without significant help from higher oil prices; and second, to increase our operating return on capital employed (ROCE) to at least 12%. I'm very encouraged by our progress toward those goals in 1995. Income was up roughly $600 million from 1994. Operating ROCE rose to 12.8% from 10.3% in 1994, not counting changes in accounting principles and special items. But there are more challenges ahead in meeting our goals.

Mobil has a two-pronged plan. It calls for...

Squeezing more out of our assets. We'll keep reducing costs. Restructuring is now a way of life in our industry and many others. Many of our markets have matured. Customers are more value-driven. Margins are thinner in today's global marketplace. And new technologies keep creating opportunities to be more efficient. We continue to dispose of assets that are outside our core businesses or worth more to others. In 1995, we sold most of our plastics and phosphate businesses. Proceeds from these and other asset sales were about $2 billion for the year. We also closed our Woerth refinery in Germany—it no longer fit our criteria for long-term competitiveness.

In 1995, we announced a worldwide realignment and restructuring of staff functions that support our core operations. We also announced further restructurings in U.S. Exploration & Producing and in Marketing & Refining in the U.S. and Europe. Combined, these restructurings will reduce annual expenses by more than a billion dollars, before taxes, when they're completed by year-end 1996. None of these restructuring decisions has been easy, and the process has been long and stressful for our people. But Mobil will emerge in a better position to offer our people a more satisfying work experience with greater opportunities for development. And we'll have an organization and culture that will improve competitiveness and facilitate...

IAREHOLDERS

Growth. That's the second prong. We plan to invest in additional assets that fit our strategy. Opportunities are highly promising in selected areas—areas where Mobil is already strong:

■ *Liquefied natural gas (LNG).* Our LNG reputation is opening new opportunities. We're readying two LNG projects in Qatar for deliveries to customers in Asia in 1997 and 1999. And worldwide, we're looking for more opportunities.

■ *Lubricants.* Customers the world over have shown confidence in our lubes for more than 125 years. In 1995, our earnings from lubes alone were about $300 million, a new record. Our goal is to become the No.1 lubes company. Marketing and promotional ties with the McLaren Formula 1 racing team, Mercedes-Benz, the Penske organization and now Porsche will help us get there. New base-stock refineries and blending plants are under construction.

■ *Aromatics.* Our Singapore plant, which started up in 1994, has already exceeded expectations with 1995 earnings of $175 million. Worldwide, we're doubling production capacity for paraxylene, a feedstock for polyester. Mobil will be among the world's largest makers and merchant marketers of this high-margin product.

■ *Asia-Pacific.* Mobil enjoys a great position in this important region. We are more leveraged to this region in refining capacity than any of our international competitors, and much of our growth is focused here. Recently, we made a tender offer for Ampolex, an Australian exploration and producing company.

■ *Latin America.* Privatization and government reforms are opening new markets for us. In the past year, we began selling retail fuels in Peru and Ecuador and lubes in Venezuela. Also in Venezuela, we recently won exploration rights on the highly attractive La Ceiba block. And we are looking at more opportunities to add reserves and production in Latin America. Changes in this region won't be uniform or smooth. Yet they still offer real growth opportunities.

■ *Europe.* We are creating a new platform for growth across Europe with our recently announced downstream joint venture with BP, which is pending approval by European authorities.

■ *Africa.* We're the second-largest oil producer in Nigeria—and growing. We were pleased with a commercial oil discovery offshore Equatorial Guinea in 1995 and recently started new exploration offshore Angola. We aim to grow our strong fuels and lubes marketing businesses.

■ *Former Soviet Union.* We have excellent exploration acreage in Kazakstan. We're looking at prospects in Azerbaijan. And Russia's Sakhalin Island may have potential down the road.

■ *Middle East.* Besides our Qatar LNG ventures, we're building a new lubes refinery in Saudi Arabia and moving to expand our petrochemicals partnership there.

These growth opportunities require a strong capital program, and we have one. In 1995, capital and exploration spending was $4.3 billion, up from $3.8 billion in 1994. In 1996, we'll spend more—probably around $4.6 billion. In addition, cash investment in equity companies will increase from $260 million in 1995 to $600 million in 1996. More of our spending will be in exploration and producing to increase production into the 21st century. We'll invest more outside the U.S., where opportunities are more favorable to our industry. We also can't grow without Mobil's high-quality work force. Although restructuring is reducing staff, it's also making us more efficient. Mobil people are drawing upon their entrepreneurial skills to enter new ventures, explore new geographic areas, strengthen our partnerships, grow our business and keep improving shareholder returns.

In July 1995, Mobil's Board of Directors elected and welcomed new director Charles A. Heimbold, Jr., chairman and chief executive officer of Bristol-Myers Squibb Company. On a regretful note, we were saddened by the death this January of Bill Tavoulareas. "Tav" was a former director and vice chairman of Mobil's Executive Committee and served as the company's president and chief operating officer. He retired as president in 1984 and as director in 1988. Tav's leadership and long-term vision were instrumental in making Mobil the strong company it is today.

As we move forward, we will build on our strengths and grow. At Mobil, we have a vision: *to be a great, global company.* That's exactly what our shareholders can expect us to be.

Lucio A. Noto

Lucio A. Noto
Chairman, President and Chief Executive Officer
March 1, 1996

EXPLOR

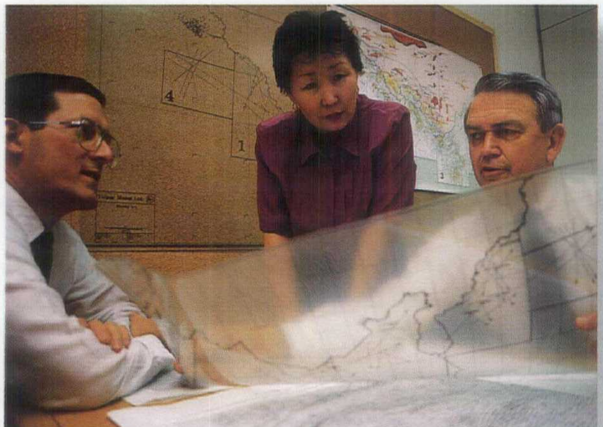
1995 was a very good year for Exploration & Producing. Operating earnings rose $73 million to reach $1.4 billion. Although new daily production records were achieved by year-end in the United Kingdom (U.K.) and Nigeria, worldwide oil and gas production was down slightly from 1994. The decrease was due largely to natural declines in North America. New discoveries were achieved in Equatorial Guinea, Nigeria and Norway. Along with natural gas for the first phase of development of the Ras Laffan joint venture in Qatar, these discoveries helped replace 106% of Mobil's worldwide production with new reserves, excluding purchases and sales. Building for the future, capital and exploration expenditures were up $500 million from 1994, reaching $2.7 billion.

"New venture" activities did extremely well. As we continue to pursue international growth, our strategy is two-fold: We're exploring in areas with high potential for commercial

"The Zafiro oil discovery in Equatorial Guinea has been declared commercial"

discoveries. We're also pursuing joint ventures to develop large, existing fields in countries that can benefit from our skills in project management, financing and technology.

In Equatorial Guinea, we discovered oil in the Zafiro prospect of a 547,000-acre offshore exploration concession. Based on successful appraisals and a second nearby discovery, Opalo, the Zafiro field has been declared "commercial." A floating production system will enable the project to start up at 40,000 barrels a day in the second half of 1996, less than two years after discovery. Additional exploration drilling is planned for 1996. Mobil holds a 75% interest in the concession. In Algeria, the first wildcat well drilled on our 3.2 million-acre Tougourt Concession tested oil. A second well is planned for 1996. Offshore Angola, Mobil participated in two exploratory wells with encouraging results. A third well will be drilled in 1996. Also in Angola, Mobil and Sonangol, the national oil company, agreed in late 1995 on a production-sharing contract for a deepwater block. Mobil will operate it and hold a 50% interest. In Egypt, we await government approval for three production-sharing ventures in the Western Desert.



Kazakstan: In Almaty, a Mobil Oil Tulpar team reviews seismic survey plans for an exploration project in the northwest part of the country. It's our second joint venture in Kazakstan, a nation building its strength as an energy producer.

In the former Soviet Union, Mobil entered its second joint venture in Kazakstan. We will explore and develop the 4 million-acre Tulpar block near the country's large Karachaganak and Orenburg fields. Seismic surveys have already begun, and drilling on the first exploration well may start by early 1997. In addition, Mobil is the only U.S.-based member of the Caspian Sea Consortium of seven companies, formed in 1993, to conduct a comprehensive seismic survey of the sea's 25 million-acre Kazak sector. After surveys are completed at the end of

RATION&

1996, Mobil and other consortium members have the right to obtain exploration blocks. In neighboring Azerbaijan, Mobil completed a Work Study Agreement with the state oil company to obtain advanced technical data on prospective areas of the Caspian Sea's southern sector. Technical and commercial evaluations are in progress. Two liquefied natural gas (LNG) joint ventures—Qatargas and Ras Laffan LNG Company—continue on schedule in Qatar. Construction of the processing facility for Qatargas (Mobil share 10%) is well under way. In early 1997, the first cargo of LNG will be delivered to customers in Japan. Ultimately, Qatargas production will peak at 1.2 billion cubic feet of natural gas and 40,000 barrels of condensate a day. The Ras Laffan joint venture (Mobil 30%) agreed to supply Korea Gas Corporation with 2.4 million tons of LNG annually for 25 years, beginning in 1999. Site preparations for Ras Laffan construction began this past December. We're negotiating additional sales to other countries.

Our South American activities are gaining momentum. Mobil and partners recently won a license to explore the attractive La Ceiba block on the eastern shore of Lake Maracaibo in western Venezuela. It was among the first round of exploratory licenses awarded by Venezuela to international companies in some 20 years. We're also studying a heavy oil project in the country. In Peru, negotiations continue for development of the huge Camisea gas field and for exploration rights on additional acreage. Other projects are under consideration in Argentina, Bolivia and Ecuador.

Exploration continues offshore Vietnam. Mobil holds acreage in the Nam Con Son offshore basin, where we're drilling on the Blue Dragon prospect. With our partners, we acquired Blue Dragon and two other exploration blocks in 1994, following the lifting of the U.S. embargo. Drilling on another prospect in the Cuu Long basin is planned for mid-1996.

United Kingdom: Gas production began in 1995 from the North Sea's Galahad field offshore the United Kingdom. Project engineers check Galahad's innovative, cost-effective monopod drilling platform prior to installation.

In our profitable, established locations, 1995 was a year of investment for the future. We have a large inventory of oil and gas reserves that are ready for development. Production from these fields will begin over the next decade while we find and develop new oil and gas sources to replace them.

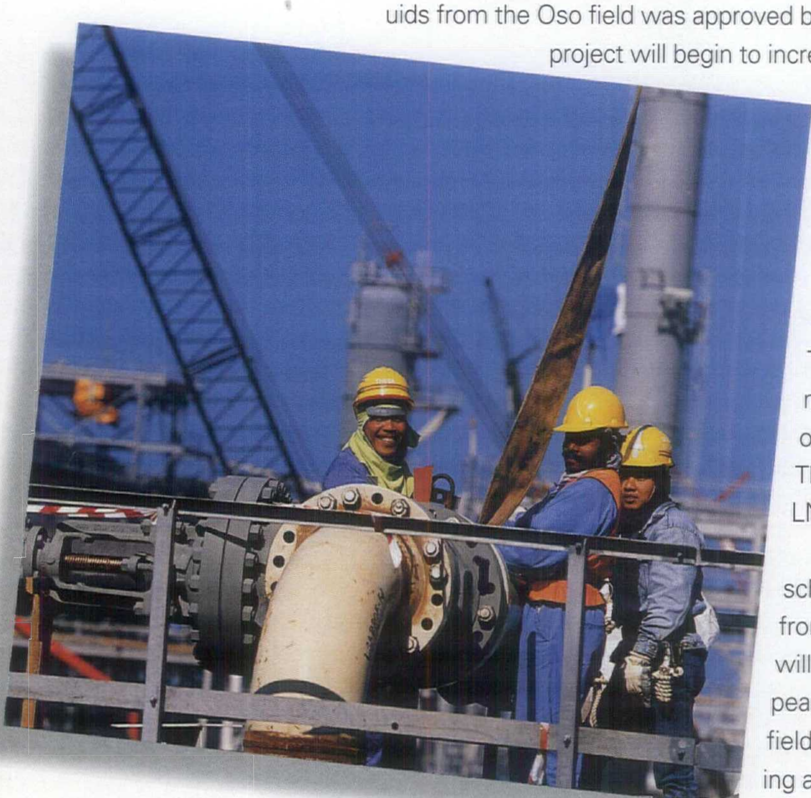
In the U.K., Mobil's share of oil and gas production reached an all-time high—178,000 barrels of oil equivalent a day. Several new North Sea gas fields began producing during the year. We also benefited from the first full-year's operation of the Excalibur field. These developments helped raise our share of U.K. gas production 23%. Growing gas production also spawned record gas sales. In December, Mobil Gas Marketing in the U.K. sold over a billion cubic feet of gas a day.

In the Norwegian North Sea, we acquired additional interest in the Njord oil field in early 1995. Production will likely begin in early 1997. Mobil also plans to develop the Aasgard field

PRODU

for recovery of natural gas liquids, beginning in 1998, and natural gas, in 2000. Meanwhile, the Statfjord and Oseberg fields continue to be strong income contributors. Our discovery to the south of Aasgard in 1995 makes the sea's Haltenbanken area a new core area of development. We won additional North Sea exploration licenses, both in Norway and the U.K. In 1997, we plan to drill a deepwater well in the U.K.'s promising West of Shetlands area. We also were awarded rights to explore for the first time in the North Sea's Danish sector.

Production will keep growing in Nigeria as development continues in several fields. Total crude and condensate production operated by Mobil is expected to climb roughly 50% to 600,000 barrels a day or more by the end of 1997. Mobil has a 40% interest in its joint venture with the Nigerian National Petroleum Corporation. In 1995, a project to extract natural gas liquids from the Oso field was approved by our partners. We have a 51% interest. In 1998, this project will begin to increase total liquids production by 51,000 barrels a day. Exploration success continues in the country. Yet another significant offshore oil discovery, Kpono West, tested with outstanding results. Kpono West follows two late-1994 oil discoveries— Ufan and Inanga. Inanga is already on production.



Qatar: At Ras Laffan, construction is on schedule for liquefied natural gas (LNG) processing facilities for Qatargas. It's one of our two LNG joint ventures harnessing Qatar's rich gas reserves to help meet growing demand in Asia. Qatargas deliveries will begin in 1997.

In Indonesia, development of two gas fields in the onshore South Lhok Sukon area began in 1995. They're expected to start production in 1998. Development is also scheduled to begin in 1996 on a gas field offshore North Sumatra. Production will start in 1999. These fields will help maintain gas deliveries to the Arun LNG-processing plant.

Construction of the massive Hibernia platform is on schedule offshore Newfoundland, Canada. Production from this 615 million-barrel oil field (Mobil share 33.1%) will begin in late 1997. By 2000, total output will reach a peak rate of 135,000 barrels a day. On the Terra Nova field, 25 miles southeast of Hibernia, preliminary engineering and cost studies are under way. We await our partners' agreement on the development plan. And for the Sable gas field offshore Nova Scotia (Mobil share 40%), we've begun planning development and transportation strategies with our partners. Sable gas will eventually reach customers in both Canada and the northeastern U.S.

While exploration has slowed in many traditional producing areas in the U.S., the Gulf of Mexico still offers opportunities, mainly in promising deepwater frontiers. We recently acquired 40% interests in two deepwater developments—the Cooper field in Garden Banks and the Green Canyon area's Allegheny field. Using advanced subsea technology, Cooper began producing in late 1995. Appraisal continues on Allegheny, which holds an estimated 120 million barrels of recoverable reserves. The Cooper and Allegheny projects give us the infrastructure

UCING

we need to expand exploration and development to adjacent deepwater areas.

Mobile Bay, offshore Alabama, is the area of our largest ongoing development in the Gulf. Gas production rose 13% in 1995. Further development will increase production significantly by the end of 1997.

Mobil is negotiating the sale of the U.S. gas-processing and pipeline assets associated with Mobil Natural Gas Inc. (MNGI) to PanEnergy Corporation. Mobil will retain gas reserves and producing operations; PanEnergy will process Mobil's produced gas. MNGI and Pan-

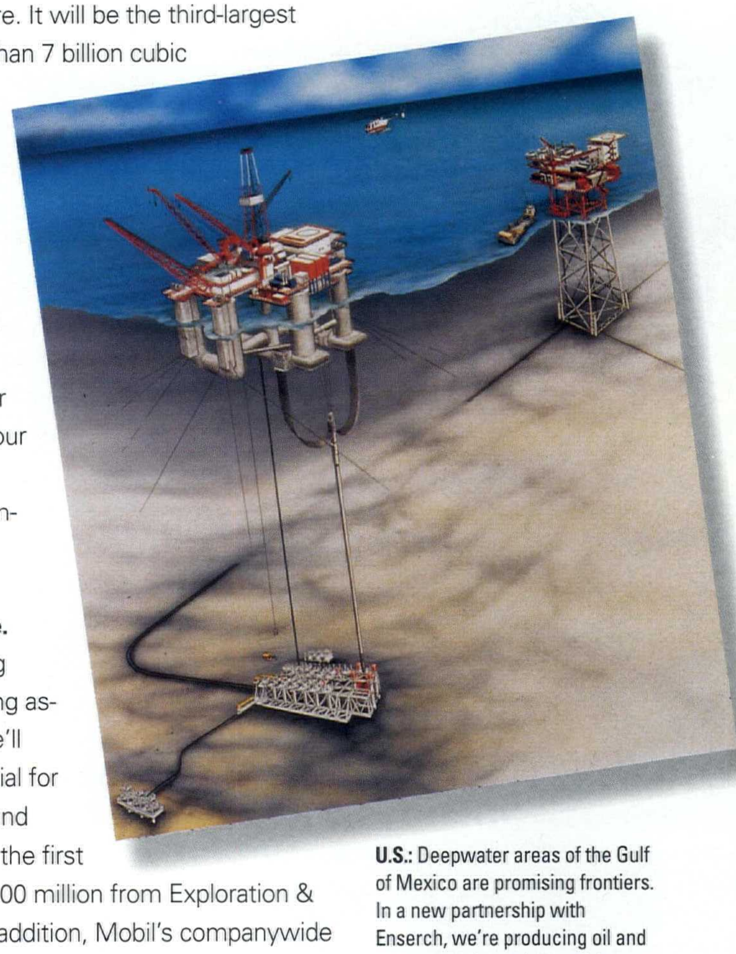
"We have a large inventory of reserves that are ready for development"

Energy are also negotiating to form a gas-marketing joint venture. It will be the third-largest gas marketing operation in North America, with sales of more than 7 billion cubic feet a day. Mobil will hold a 40% interest. Together, these two moves will help us maximize the value of our North American gas assets while reducing operating and overhead costs.

Exploration & Producing is moving further downstream into transportation, storage and infrastructure projects to create new markets for our natural gas, gas liquids and LNG. Mobil Power Inc. was established in 1995 to pursue opportunities around the world in electric power generation. Mobil Power complements our existing businesses and takes advantage of our capabilities in project management and technology. It also enhances Mobil's strength as an integrated company that can competitively serve world markets with booming energy demands.

Cost-cutting initiatives are improving the bottom line. Exploration & Producing has continued to reduce field-operating expenses, renegotiate supplier contracts and sell low-performing assets, mainly in the U.S. Costs will come down even further. We'll continue to sell or trade producing assets that have little potential for future growth. We've also made the tough decision to realign and downsize our U.S. Exploration & Producing organization during the first quarter of 1996. These initiatives are expected to trim about $100 million from Exploration & Producing's annual pretax controllable cash operating costs. In addition, Mobil's companywide redesign of support functions is lowering staff levels and costs in this segment worldwide.

The savings will be used to upgrade our asset base and accelerate the development of core resources. It fits well with Mobil's goal of balancing effective cost-management with carefully planned and managed growth.



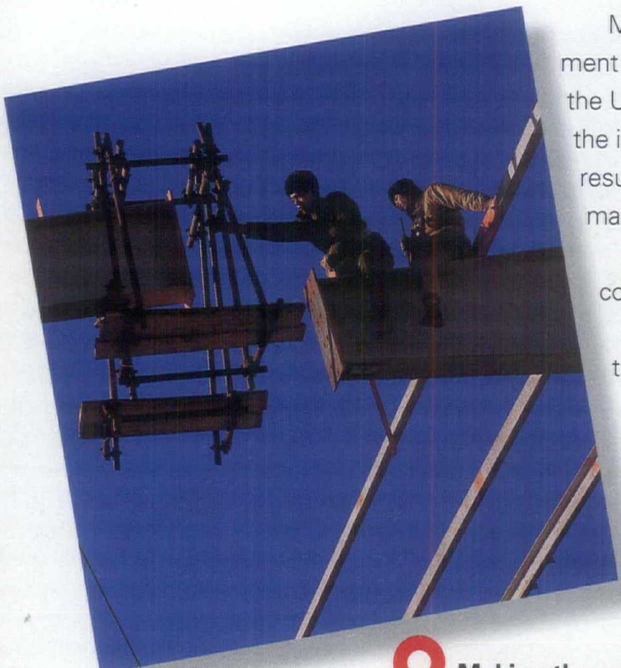
U.S.: Deepwater areas of the Gulf of Mexico are promising frontiers. In a new partnership with Enserch, we're producing oil and gas at one site and appraising another. Modern, floating production platforms offer low-cost installation and opportunities to develop adjacent areas.

MARK

Marketing & Refining had a very successful year. Improvement initiatives of the past few years showed up strongly in our earnings. We well outpaced the industry. We also launched new initiatives in 1995, aimed at building a business that will continue to grow, prosper and gain competitive strength.

Business conditions were difficult. The year started off with a relatively warm winter that severely depressed industry profitability in the U.S. and Europe. Some recovery occurred during a strong summer driving season in the U.S. However, industry margins for the year were off from 1994. As a result, our major competitors reported lower 1995 operating earnings, mostly in the range of 20% to 40%.

"We're aligning our asset base more closely to our long-term interests"



People's Republic of China: Steel goes up for a new lubricant blending plant in Tianjin. Slated to start up in 1996, it will supply customers in the high-demand Beijing area. Construction will soon begin for a second plant near Shanghai. Mobil is the leading international supplier of lubes to the country.

Mobil, by contrast, had an excellent year. Operating income in this segment increased 18% to $1,135 million—our highest earnings since 1986. In the U.S., we were among the most profitable "downstream" companies in the industry, with operating earnings of $330 million. Supporting our overall results were lower expenses, higher sales volumes, good operating performance and improved income in our lubricants business.

The initiatives that contributed to this performance came from our continued focus on two primary objectives:

- maximizing the value of our businesses with efficient and effective operating practices and ongoing restructuring, and
- investing in growth opportunities and innovations that offer long-term competitive advantages and attractive financial returns.

As we continue to meet these objectives, we'll delight our customers with superior products and innovative services. We'll also continue to generate financial returns that are among the best in the industry.

Making the most of what we already have has become a way of life. It's most evident in the progress we continue to make to improve the way we run our business and reduce expenses. For example, at the Beaumont, Texas, refinery—Mobil's largest—pretax controllable cash operating expenses were reduced by $40 million in 1995. Worldwide, Marketing & Refining reduced these expenses by over $280 million for the year, even as we grew the business. By finding ways to run our business more efficiently, we surpassed 1994 cost reductions by $120 million.

Restructuring was especially prominent in Europe. In 1995, we completed a multiyear effort to transform operations there and make them more efficient. We made major changes

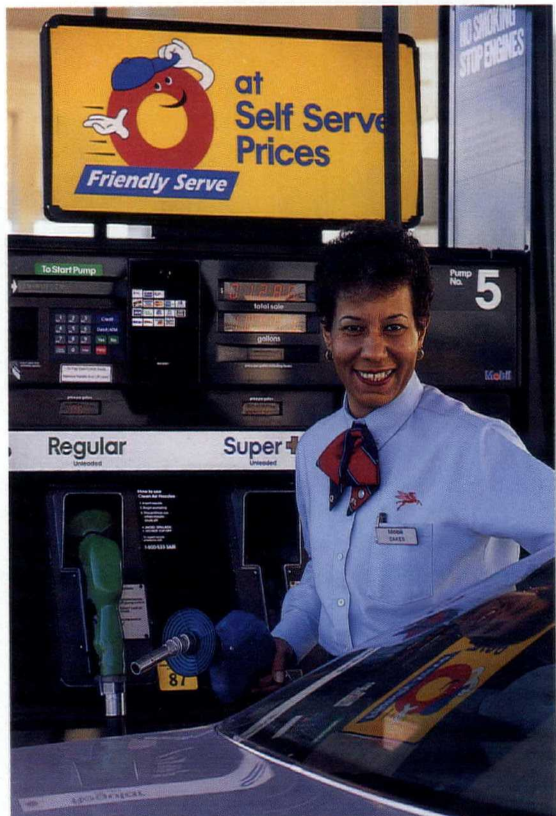
ETING&

in the refining system. In September 1995, we closed the 104,000 barrel-a-day refinery at Woerth in southern Germany. It no longer met our long-term criteria for competitiveness. We're also significantly reducing expenses at two other refineries—Coryton in the United Kingdom and Gravenchon in France. With a similar aim, we plan to restructure European lube-blending operations. A $40 million modernization program is near completion at the Gravenchon blending plant. This upgrade will allow us to downsize blending plants in Austria, Germany and the U.K.

In line with our goal of continuous improvement across Europe, we recently announced a joint venture with BP. Pending approvals, the venture would combine our companies' European operations in the refining and marketing of fuels and lubes. This action will vault the combined businesses into the top tier of European marketers, while creating a solid foundation for future growth.

We also continue to restructure operations in the U.S. to bring down expense levels. Together, the U.S. and European restructurings announced in 1995 will cut pretax controllable cash operating expenses by more than $400 million annually. The European joint venture would allow us to realize even greater savings.

We made other moves in 1995 to align our worldwide asset base more closely to our long-term interests. We sold our retail businesses in Switzerland and made an agreement to sell our service stations in Barbados. We added service stations to strengthen existing networks in the Netherlands, Guam and the Canary Islands. We also reentered the western Australia market with the acquisition of an independent retail fuels operation.



U.S.: Motorists in Florida, Texas, California, New Jersey and Arizona now find Friendly Serve℠ services at selected Mobil stations. Customer service is delivered at self-serve prices, helping Mobil stations add market share.

Operating performance was one of our 1995 priorities, contributing to new production records at many of our refineries. We made capital investments to improve our facilities to keep them in the top tier of competition. Where demand is on the rise, we also expanded facilities to keep output in pace with the market.

At our Coryton refinery in the U.K., a new gas-turbine generator installed last year will further improve reliability and reduce operating expenses. In Australia, a new fluid catalytic-cracking unit is under construction at our Altona refinery, and lube base-stock capacity is being expanded at our refinery in Adelaide. At our joint-venture Kawasaki refinery in Japan, a new fuel-oil upgrader will boost output of gasoline, distillate fuels and low-sulfur fuel oil when it's completed in 1997.

Mobil's position in the Asia-Pacific region has been a competitive strength for a long time. Among major oil companies, we're the second-largest marketer in the region. A third of our refining capacity is there—the highest ratio among our international competitors.

REFI

The Singapore refinery has become our hub for supplying petroleum products throughout Asia. In recent years, we've invested more than $800 million to expand and upgrade this complex. It serves our rapidly growing marketing operations in Malaysia, Thailand, China and elsewhere. Major recent expansions have enabled Singapore to produce low-sulfur diesel fuel, boost output of gasoline and manufacture aromatics for sale by Mobil Chemical (see p.12). Engineering is under way for a new lube base-stock manufacturing unit. It will be built using proprietary Mobil technology that will result in lower capital and operating costs and higher yields. The new unit is expected to start up in late 1997.

"Opportunities in Latin America are high on our list"

Two state-of-the-art lube blending plants are under construction in China. They're strategically located in Tianjin, near Beijing, and in Taicang, near Shanghai. They're among $120 million worth of capital investments Mobil has committed in the past two years to make in China. Along with the added cost-competitive supply of base stock from Singapore and Adelaide, the Chinese blending plants will help us reach our goal to be No. 1 in profitability in the lubes industry in Asia and worldwide.

Peru: A Mobil tanker passes the Santisima Cruz de Barranco Church in Lima's historic district. Mobil is the first private company to enter Peru's retail fuels market. In a year, we've opened about 90 stations. We're also expanding our retail presence elsewhere in Latin America.

In other world markets:

Mobil is among the leading international petroleum marketers in Africá. We sell a full range of petroleum products in 41 countries. In 1995, we launched an aggressive program to boost earnings sharply by upgrading existing businesses and investing in new opportunities.

Our sales of lubricants are growing in eastern Europe and Russia. Mobil is a leading supplier to automobile dealers in Poland and in Russia's Moscow and St. Petersburg areas. In 1995, we opened Russia's first Mobil Express Lube® center in Moscow.

Attractive long-term opportunities in Latin America are high on our list as well. In Argentina, the lubes marketing partnership we entered in late 1994 is performing well. We entered the newly liberalized lubes market in Venezuela in 1995. We're also expanding rapidly in retail fuels—in just one year, we've developed an affiliated network of 90 service stations in Peru and 45 service stations in Ecuador. We've captured a 20% market share in both countries. We also opened our first Latin American On the Run℠ convenience store in Nuevo Laredo, Mexico, in late 1995. This new, expanded format goes beyond what customers normally expect in a convenience store. It offers customers faster and easier service

NING

and a wider variety of products. Twenty additional On the Run stores are likely to open in Mexico by the end of 1996.

In Saudi Arabia, our Luberef joint venture is building the country's second lube base-stock refinery. We also built the first, in 1978. "Luberef II" will meet growing Saudi demands and provide exports to surrounding areas. Building on this strong base, we recently established lube blending and marketing operations in Syria and Yemen. In Lebanon, we're re-establishing marketing operations that had been disrupted by that country's long civil war.

In the mature, highly competitive markets of the U.S. and Europe, our growth depends on a keener ability to identify what customers want and deliver it cost-efficiently. Innovative service and product introductions for 1995 include:

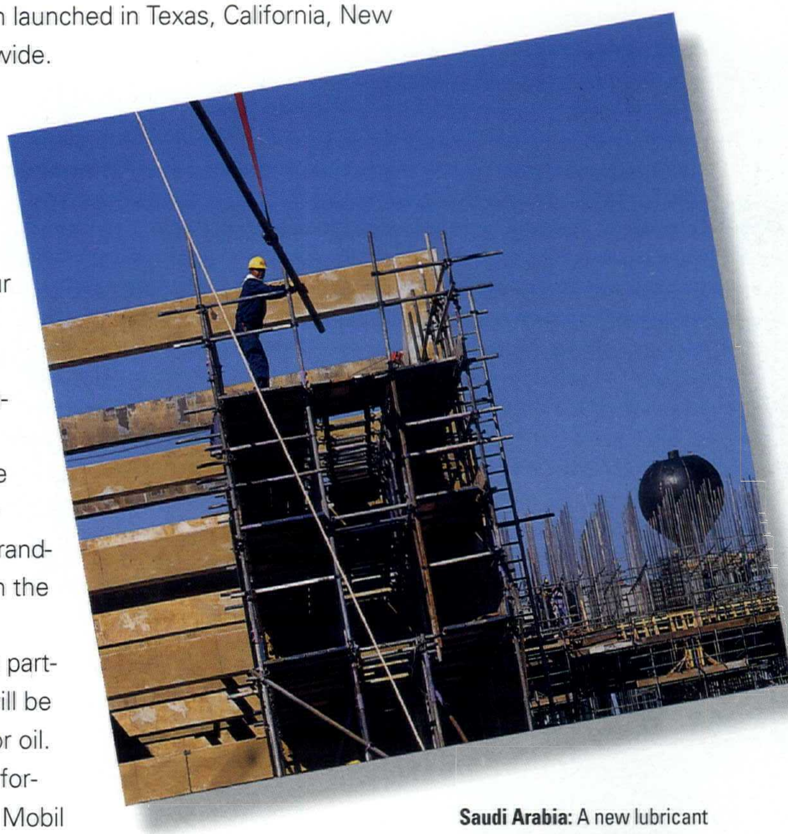
■ *Friendly Serve*℠, launched in Orlando, Florida. The goal: to provide customers with the best buying experience in the industry. Friendly Serve attendants at selected stations provide old-fashioned customer service at self-serve prices. Customers responded. In 1995, Mobil's retail fuel sales in the Orlando area grew about 10% faster than those of our major competitors. Friendly Serve amenities have since been launched in Texas, California, New Jersey and Arizona. By midyear 1996, it will be nationwide.

■ *the Mobil GO Card*℠, the first prepaid transaction card in the petroleum industry. Customers use it to purchase gasoline, services and merchandise at any of Mobil's 7,700 U.S. service stations.

■ *the Arctic® series of lubricants*, developed for use with today's ozone-safe refrigerants. It's part of our EAL®—Environment Awareness Lubricant—product line. Customer acceptance has been excellent in the U.S. and Europe. Half of all industrial refrigeration compressors in the U.S. now use these new lubes.

■ *premium winterized diesel fuel.* It has a double dose of a winterization additive package developed by Index Industries, a leader in diesel additives. This co-branded product is available from 14 Mobil fuels terminals in the midwestern U.S.

This January, we entered a promising, long-term partnership with Porsche. All new Porsche automobiles will be lubricated with our top-quality Mobil 1® synthetic motor oil. Porsche will also exclusively recommend this high-performance lubricant to its worldwide dealer network. And Mobil will sponsor Porsche entries in the Le Mans 24-hour race and other motor sport activities.



Saudi Arabia: A new lubricant base-stock refinery rises in Yanbu. When it starts up in 1997, it will serve Saudi demand as well as export markets. Mobil and Saudi Arabia are partners in this lube refinery as well as the country's first, built in 1978.

We've worked hard and successfully to instill more competitiveness in our downstream businesses. Results for 1995 show that we're heading in the right direction. Our leaner, more flexible organization will respond more rapidly to the changing marketplace, improve our asset base, introduce more innovative products and services, and keep serving our customers well.

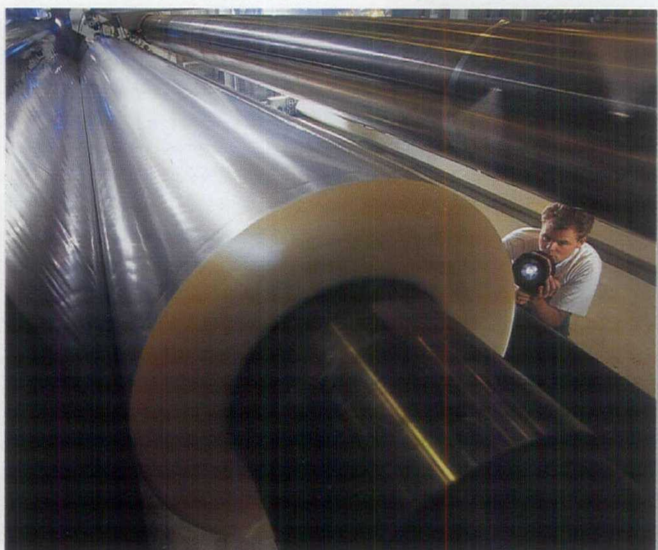
CHEM

Mobil Chemical had a record year, as operating earnings tripled to $679 million. Results benefited from strong margins for petrochemicals like polyethylene resin and aromatics. Also, our sales were up, capitalizing on the first full year of output from the aromatics plant in Singapore and expanded plant capacity in Europe for polypropylene films. Results also reflected the leaner organization created by Chemical's streamlining initiatives. Further cost reductions are expected in 1996 from continued streamlining and benefits from the companywide staff redesign project.

"Mobil will be one of the lowest-cost paraxylene producers in the industry"

We've learned that the best chemical companies don't try to "do it all." Rather, companies with just a handful of leading businesses often outperform more highly diversified companies with an abundance of product lines competing in a wide variety of unrelated markets. So we adopted a new strategy:

Focus on a handful of market-leading businesses—businesses that are global, growing and able to provide superior returns. They include:



Netherlands: Mobil is the market leader in oriented polypropylene film, an innovative food-packaging material. By 1998, our plant capacities will grow 31% over 1995 levels. At our Kerkrade plant, an operator performs an optical quality check on a 28-foot roll of film.

■ *Aromatic chemicals.* We're rapidly expanding our capacity of paraxylene, a basic building block of polyester fibers and resins. Demand is growing at a healthy 6% a year worldwide. In Asia, it's growing 10% to 12%. During 1995, we launched an expansion of our paraxylene business that will position Mobil among the world's leading merchant suppliers. We've already made low-cost process improvements to our Singapore plant, which started up in 1994. They've increased the plant's paraxylene capacity to 370,000 metric tons a year, an increase of over 30% from its original design capacity.

We've also made paraxylene capacity investments at Mobil's refineries in Beaumont, Texas, and Chalmette, Louisiana. After the new units start up in early 1997, our worldwide paraxylene capacity will exceed 800,000 metric tons.

Zeolite catalysis, the Mobil technology that revolutionized the refining industry half a century ago, is behind a proprietary new process that produces paraxylene at lower cost. This technology will be reserved for our own new plants and selected joint ventures. Our Beaumont and Chalmette plants are being designed to use the new process. And we're evaluating further expansion in Singapore.

Together, our refinery feedstocks and our proprietary technology will make Mobil one of the lowest-cost paraxylene producers in the industry.

ICAL&

■ *Olefin and polyolefin petrochemicals.* In the U.S., we intend to boost the cost competitiveness of ethylene, a basic petrochemical building block. We'll do it by upgrading our Gulf Coast process units.

In Saudi Arabia, we're planning a project with our long-time partner, Saudi Basic Industries Corporation. The project will more than double the size of our olefins complex at Yanbu. The Yanbu expansion will further enhance the competitiveness of the complex, already one of the world's lowest-cost producers. We're also evaluating other low-cost olefins opportunities to maintain our global growth momentum.

We will improve our domestic market position in polyethylene resins—the plastic "pellets" our customers turn into bags, bottles and other end products. Our goal is to increase margins and put our returns above the industry average. We will intensify our focus on market segments that value flexible and innovative resins. Our successful development of metallocene and other new catalysts is a key component of this strategy. These catalysts are capable of producing a broader spectrum of high-quality resins.

■ *Additives and synthetics.* Sales volumes for these fuel and lube ingredients rose 7% in 1995, following a 13% hike in 1994. Mobil is the world leader in polyalphaolefins (PAOs), a fast-growing synthetic lubricant used in demanding applications. Higher-performing engines, demands for energy efficiency and the growing need for lubricants in environmentally sensitive applications drive the market for these premium products. Rapidly developing economies, particularly in the Asia-Pacific region, are spurring demand growth as customers upgrade their lubricants.

Our additives and synthetics segment will grow as we expand our product line using innovative technology. In 1995, we started up a new ester lubricant plant in Amsterdam, the Netherlands. The esters go into the making of lubes mainly for use in environmentally sensitive areas and refrigeration applications. And in Beaumont, Texas, we're upgrading our reactor train for PAO base stocks. From these base stocks come leading synthetics like industrial lubes for specialty applications and Mobil 1®, a high-performance motor oil.

U.S.: Our metallocene catalyst creates a polyethylene resin that will help our customers make grocery sacks and other products lighter, thinner and clearer with no loss of durability. Technicians monitor a blow-molding test at a Mobil research laboratory in Edison, New Jersey.

■ *Oriented polypropylene (OPP) films.* Sales of this innovative food-packaging material are growing steadily. Customers value our OPP films because they speed packaging processes, improve appearance and extend product shelf life. Market growth will likely continue at 6% to 7% a year, and our own sales growth will keep pace. We are already the world leader in OPP packaging films, with leading positions in North America and Europe. Now we'll extend our market reach in support of our multinational customers entering

OTHER BUSI

eastern Europe, Asia and Latin America. It's been less than three years since we started up our plant in Kerkrade, the Netherlands, yet we just doubled capacity there. We also recently gained a new partner —Thai Film—to develop plant capacity in Rayong, Thailand.

Other expansions are also under way. They'll increase our worldwide OPP capacity by a third, to 575 million pounds a year by 1998.

Operations, markets and competitors for OPP are different from those for our other businesses. OPP requires a higher level of innovation, adaptability to changing environments and entrepreneurial behavior. We have given this segment the freedom it needs to compete most effectively.

Those businesses are the ones that fit our strategic framework. The ones that don't fit have been or will be sold to fund new investment. In 1995, we divested most of our noncore businesses in plastics fabrication. As other parts of Mobil Chemical have grown global, our plastics segment remained a largely U.S. business with slower-growing markets. It proved a better strategic fit for the buyer, Tenneco, since packaging is one of their core businesses. The sale was closed in November for $1.27 billion.

We also sold H. Muehlstein and Co., our Connecticut-based brokers of plastic resins, to company management. We acquired Muehlstein in 1980 to help market resins from our new joint-venture petrochemical complex in Saudi Arabia. Since then, we've developed

Singapore: Worldwide demand is growing for paraxylene, a building block for polyester and other products. Mobil's production capacities and market strength are growing, too. In the laboratory at our Jurong aromatics complex, a technician conducts a quality control test.

Paraxylene Primer

Like other petrochemicals, paraxylene is made from a by-product of petroleum refining. Paraxylene, in turn, can be processed into polyester "intermediates" that are converted into polyester fibers or resins. Fibers are typically woven into textiles or used as "fill" for clothing and home furnishings. Resins are molded into products like disposable microwaveable containers and bottles for soft drinks, juice and water.

The market for paraxylene is among the fastest growing in the petrochemicals industry. In 1995, paraxylene production industrywide reached nearly 22 billion pounds. One big reason: cotton. In Asia, where textiles are a major industry, cotton production has been unable to keep up with growing demand for fibers. The supply of polyester, by contrast, isn't susceptible to the whims of nature. Moreover, polyester fibers are more adaptable to changing requirements of the factory or marketplace.

Mobil benefits from a prominent, global position in the supply of refinery by-products that go into paraxylene. We also have the advanced, proprietary technology to transform those by-products into high-quality paraxylene at low cost.

INESSES

our own global marketing force to sell the resins we make in both Saudi Arabia and the U.S. The support of a noncore trading organization was no longer required.

Mobil's companywide redesign of support staff functions began closely after Mobil Chemical's own reorganization of operations. By the end of 1995, the Chemical work force was nearly half the size it was at year-end 1994, reflecting the sale of our plastics-fabrication businesses and other improvement initiatives. These initiatives also included more-efficient manufacturing processes and an improved product mix. All these initiatives will help us fund new investments in a stronger portfolio of growing, global businesses.

"We divested most of our noncore businesses in plastics fabrication"

Mobil Mining and Minerals

Our Mining and Minerals business produces phosphate rock from low-cost phosphate mineral reserves in Florida. We also upgraded a portion of our production into finished phosphate fertilizers. Our 1995 sales revenues were up 20%, to $192 million, primarily due to better prices.

However, the long-term trend is down in this industry. Increased integration has significantly reduced the phosphate rock market, of which Mobil has only a small share. In 1995, Mobil began implementation of a withdrawal strategy from this noncore business.

In December, we sold our principal asset, the phosphate mine at South Fort Meade, Florida, to Cargill, owners of an adjacent mine, for $283 million. We expect to divest our remaining phosphate mining assets in 1996.

Netherlands: Our biodegradable esters go into today's base stocks for lubricants used in refrigeration compressors and environmentally sensitive applications. Mobil's new esters plant in Amsterdam is boosting output for this high-demand product. Through a sight glass, an operator checks product cleanliness.

Mobil Land Development Corp.

Mobil Land develops commercial and residential real estate in the U.S. and holds undeveloped property for appreciation. Mobil Land had a good year in 1995. Sales were up 28%. We sold Colonial Place, a major commercial complex in Northern Virginia, and several other smaller properties.

ENVIRONMENT

In 1996, we mark the 40th anniversary of Mobil's first formal policy on environmental protection. Over the decades, our environmental commitment has grown only stronger. With substantial human and financial resources, we have: protected environments around exploration and producing sites, minimized emissions from plants and other sites, developed cleaner and safer products, reduced and recycled waste, and conserved energy. We aim to prevent problems before they happen, even as we improve our preparedness to respond to them.

Activities promoting a clean environment have traditionally been shared by our specialists in Environmental, Health & Safety (EHS) and the rest of our work force. In 1995, we enhanced this cooperative approach with EHS Management Systems. These systems give employees clear accountability for EHS performance in their individual jobs. Management specifies what Mobil's overall environmental policies should be. Business units determine how to fulfill them, with flexibility to adjust practices to local conditions.

Mobil North Sea Ltd. in the United Kingdom (U.K.) pioneered Mobil's implementation of EHS Management Systems in 1991. By the end of 1995, they'd been adopted in more than 35 other affiliates and more than 100 facilities worldwide. EHS Management Systems aren't driven by government regulations. Yet these systems will help Mobil continue to meet and do better than regulations in the future.

Here is a brief sampling of other environmental initiatives in 1995:

Our U.S. refineries and chemical plants exceeded their 1995 emissions reduction goal. They achieved a 50% reduction in the emission of 17 chemicals designated "high priority" by the Environmental Protection Agency (EPA) a year ahead of the EPA's timetable. In the U.K., our Birkenhead lubricant-blending plant is on its way to reducing 50% of its waste by tailoring solutions to each waste stream. Birkenhead's strategy has expanded to all of our blending plants in Europe. Now it's being shared with Mobil facilities worldwide.

Mobil Shipping and Transportation (MOSAT) ordered its second double-hulled very large crude carrier. MOSAT continues to conduct one of the industry's most demanding ship-inspection and loss-prevention programs.

Mobil's Regional Response Teams, our global oil-spill management network, conducted major field exercises in Greece, Guam, Malaysia, New Zealand and the U.S. The U.S. exercise, simulating an 80,000-barrel spill in the Gulf of Mexico, was our most comprehensive to date. It entailed the deployment of onshore and offshore equipment and the response of nearly 100 Mobil people and more than 200 people from external organizations.

At a seminar hosted by Mobil Oil Nigeria (MON), our award-winning strategies for conserving energy and recycling office waste were shared with representatives of 14 Nigerian companies and five Mobil affiliates in Africa. In 1995, recycling paper and plastic enabled MON to reduce its waste stream 20%. Office energy consumption dropped by more than a half million killowatt-hours.

In 1995, Mobil organizations around the world continued to receive awards and commendations for strong environmental performance. Over the next 40 years and beyond, we aim to make our performance even stronger.

FINANCIAL

Management Discussion and Analysis

Key Financial Indicators

(In millions, except per-share and ratio amounts)	1991	1992	1993	1994	**1995**
Income, Excluding the Effects of Special Items and Change in Accounting Principle(s)*	$ 1,894	$ 1,488*	$ 2,224	$ 2,231*	**$ 2,846**
Special Items	26	(180)	(140)	(472)	**(470)**
Income, Excluding the Effects of Change in Accounting Principle(s)*	$ 1,920	$ 1,308*	$ 2,084	$ 1,759*	**$ 2,376**
Per common share	4.65	3.13	5.07	4.28	**5.87**
Common Stock Dividends Per Share	3.125	3.20	3.25	3.40	**3.625**
Capital and Exploration Expenditures	$ 5,053	$ 4,470	$ 3,656	$ 3,825	**$ 4,268**
Debt-to-capitalization Ratio	32%	34%	32%	31%	**27%**
Total Debt	$ 8,229	$ 8,520	$ 8,027	$ 7,727	**$ 6,756**
Shareholders' Equity	$17,534	$16,540	$17,237	$17,146	**$17,951**
Per common share	43.74	41.06	42.74	42.61	**44.71**

Outlook

While reviewing the goals and financial results that follow, you may find it helpful to understand Mobil's outlook for the petroleum and chemical industries. Although we cannot be certain this view will prove accurate, we describe below both known and anticipated trends relevant to planning our future operations.

The energy business will remain highly competitive, requiring continuing, large capital investments to support future operations and growth which will, because of opportunities, predominantly be in international areas. The size of such investment programs and the lead time often needed to complete them require a long-term view.

Oil and natural gas will continue to satisfy much of the world's energy needs well into the next century. Near term, we foresee continued volatility in prices and related profitability, reflecting market forces, political uncertainties and host-country regulation. Over the longer term, prices are expected to rise gradually, in line with inflation, as supplies appear adequate to meet demand growth.

We believe the industry will continue to grow in the international upstream sector where investment opportunities are abundant. We look to these areas to replace our hydrocarbon reserves inventory and provide continuing production and earnings growth. Our program reflects a strategy to assess and manage political, economic and geologic risks. This is achieved through a geographically diverse portfolio of existing assets and new projects, maximum use of nonrecourse financing, staged development, joint ventures and managing cash exposure. We will continue to de-emphasize our exploration program in the U.S., where economic opportunities remain limited.

The U.S. marketing and refining industry will continue to face competitive market pressures. Margins should show gradual improvement as moderate industry demand growth is partly offset by modest increases in capacity at existing refineries. Refining will also continue to require expenditures to meet environmental regulations, including those pertaining to introduction of Phase II reformulated gasolines later in the decade. Mobil's U.S. refining system is among the best in the industry and is generally well positioned to meet these requirements.

Refining margins in the Asia-Pacific region are expected to benefit from robust economic growth and associated product demand, partly offset by new refining capacity additions in the near term. In Europe, the highly competitive environment and a forecast of modest growth in product demand could restrain improvements in refining margins. International marketing margins are, on average, expected to remain at about the level experienced in 1995, although some areas could see competitive pressures.

Highlights

- **Record operating earnings of $2.8 billion surpassed the previous record set in 1980 when crude prices were twice their current level**
- **M&R operating earnings were at a nine-year high, reflecting excellent refinery performance, higher sales volumes and benefits from business initiatives**
- **Chemical's record operating earnings reflected improved industry fundamentals and benefits from business initiatives**
- **E&P's Ras Laffan LNG joint venture helped replace 106% of worldwide production, excluding purchases and sales, with new proved reserves**
- **Controllable cash operating expenses, in current dollars, were reduced by more than $300 million before tax versus 1994, and have been reduced by over $1.1 billion since 1991**

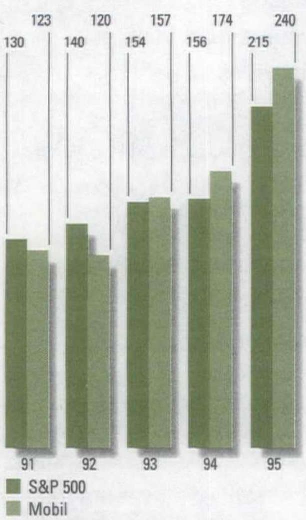
Management Discussion and Analysis

Income
(Millions of dollars)

*Excludes cumulative effect of change in accounting principle(s).

Higher income came from strong operating performance, business initiatives and higher sales volumes.

Total Return to Shareholders
(Per $100 invested on December 31, 1990)*



*Mobil share price appreciation plus reinvested dividends returned 19.2% annually—2.7 percentage points above the S&P 500.

Outlook (concluded)

Mobil will continue to balance its overall supply and demand for hydrocarbons and manage its price risk while providing its customers with competitive supply. These objectives are accomplished by using different instruments on various markets to quickly respond to the ever-changing underlying conditions. Contracts on some of these markets require physical deliveries, whereas contracts on others, such as forwards, futures, swaps and options do not require settlement with physical volumes. All of these contracts are based on price, location and quality characteristics of crude oil, natural gas and petroleum products, and are viewed as integral parts of Mobil's overall business strategies.

The worldwide petrochemical business continues to be cyclical. Polyethylene margins are expected to be somewhat lower in 1996, after a very strong 1995. However, paraxylene margins remain strong. We believe that continued demand growth, particularly in the Asia-Pacific region, will be strong enough to support attractive margins.

Mobil's planned 1996 capital and exploration expenditure program is $4.6 billion (U.S.–25%; International–75%), plus an additional $0.6 billion for cash investments in equity companies. We will continue to monitor our business environment and remain flexible to adjust our plans as attractive opportunities arise or economic and political conditions warrant. Our debt-to-capital ratio fell from 31% to 27% in 1995 as debt was reduced by proceeds from asset sales. We do not plan to remain at this low level as we expect investment spending to increase, including potential acquisitions. Our primary focus for all business segments is to realize the greatest value from our existing assets, to grow selected businesses and to provide superior returns for our shareholders.

Restructurings

Since May 1, 1995, Mobil has initiated five major restructuring programs affecting worldwide staff support services, U.S. upstream and downstream businesses, and European refining and lubricant blending operations. These programs build upon our previous initiatives that were started in the early 1990s and are in response to the highly competitive environment and difficult business conditions in many areas of the world. In addition to improving the way we work, these changes will strengthen our businesses by reducing costs and will, more importantly, position us to respond to the many opportunities available to us for growth. They also provide our employees with the opportunity to grow and utilize their abilities to the maximum. We expect to continue to restructure our operations as business conditions warrant.

The implementation of these programs will result in the elimination of approximately 6,000 positions and the closure of certain facilities, and should be essentially completed by year-end 1996. In 1995, we recorded restructuring provisions of $590 million after tax, to cover severance benefits related to work force reductions and for property write-downs. Cash outlays associated with these provisions will be made throughout 1996 and will be completed, for the most part, by midyear 1997. In addition to these cash outlays, implementation costs in the amount of approximately $150 million after tax will be incurred. Projected annualized benefits from these programs are expected to be over $1 billion before tax.

Delivery of **worldwide staff support services** was redesigned to provide operating units with cost-competitive services. This will be accomplished through organizational and operational changes that include establishing regional shared service groups, outsourcing of some services and providing the business operating units with the opportunity to control and direct the level of services they receive.

In the **U.S.**, restructuring of the **upstream business** will result in investments being redirected to focus on fields that have the greatest potential. The remaining fields will be depleted, traded or sold.

In the **U.S. downstream business**, initiatives are being implemented to achieve top-tier competitive performance at our U.S. refineries, reengineer fuels and lubes order fulfillment processes and further reduce operating costs.

In **Europe, refining initiatives** included closing the Woerth refinery in Germany and more closely integrating the operations in Mobil's refineries at Gravenchon, France, and Coryton, United Kingdom.

The restructuring of our **European lubricant blending plant network** will include downsizing of operations in Austria, Germany and the United Kingdom. These changes were made possible by an upgrading and expansion project at the Gravenchon blending plant in northwest France.

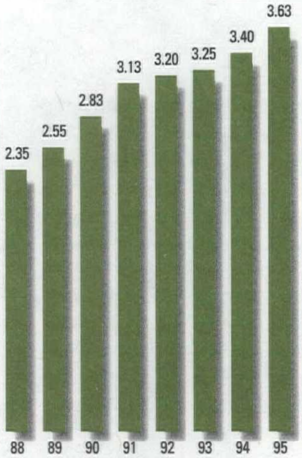
See Note 2 to Financial Statements on page 37 for further details of these restructuring programs.

Management Discussion and Analysis

Financial Results

A discussion and analysis of consolidated financial and operating performance appears on this page. Our business segments are separately reviewed on pages 20-25. While reading these discussions, you may find it helpful to refer to pages 28-48 for the Consolidated Financial Statements and commentary, and to pages 50-57 for Supplementary Information.

Annual Dividends
(Per share of common stock, in dollars)



Dividend payments increased for the eighth consecutive year.

Consolidated Results

Consolidated Earnings

(In millions, except per-share amounts)	1993	1994	**1995**
Petroleum Operations			
Exploration & Producing	$1,652	$1,076	**$ 845**
Marketing & Refining	705	888	**673**
Total Petroleum	2,357	1,964	**1,518**
Chemical	44	102	**1,164**
Segment Earnings	2,401	2,066	**2,682**
Corporate and Other	(190)	(98)	**(11)**
Net Financing Expense	(127)	(209)	**(295)**
Income Before Change in Accounting Principle	2,084	1,759	**2,376**
Cumulative Effect of Change in Accounting Principle	—	(680)	**—**
Net Income	$2,084	$1,079	**$2,376**
Per common share	$ 5.07	$ 2.57	**$ 5.87**

Our goal is to achieve operating earnings of $3.2 billion by the end of 1998 while maintaining at least a 12% return on capital employed, a strong financial position and a base of assets, hydrocarbon reserves and human resources to ensure growth in the years ahead. Mobil's strong 1995 results reflected excellent operating performance and initiatives throughout the company that reduced costs and increased sales volumes.

Operating earnings, which exclude special items and the effect of any change in accounting principle, were a record $2,846 million in 1995, compared with $2,231 million in 1994 and $2,224 million in 1993, and reflected continuing improvement in our core businesses. Special items (not separately identified in the table above) decreased earnings in 1995 by $470 million, compared with decreases of $472 million in 1994 and $140 million in 1993. Special items represent the earnings effects from events not attributable to current operations and are more fully described in the business segment discussions that follow.

Consolidated net income in 1995 was $2,376 million, $617 million higher than 1994, excluding a $680 million noncash charge for a change in accounting principle. The earnings improvement was achieved without any net help from industry fundamentals. The impact of higher crude oil prices and petrochemical margins was offset by weakness in North American natural gas prices and worldwide refining margins. Net income included net special charges of $470 million, primarily for worldwide restructuring initiatives and the adoption of FAS 121, the new accounting standard for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of (see Note 6 to Financial Statements on page 38), partly offset by benefits from sales of certain Chemical and Mining assets and a favorable litigation settlement. In 1994, net special charges were $472 million.

In Exploration & Producing, higher crude oil and Indonesian LNG prices, lower exploration expenses and lower capital recovery charges were partly offset by lower North American natural gas prices and lower production volumes. The decline in earnings was primarily due to charges for asset impairments resulting from adopting FAS 121. In Marketing & Refining, benefits from business initiatives, including lower expenses, higher sales volumes and excellent refinery performance were partly offset by weaker worldwide refinery margins. Earnings declined overall due to higher restructuring charges. Chemical's record income reflected higher worldwide polyethylene and paraxylene margins and the sale of our Plastics Division.

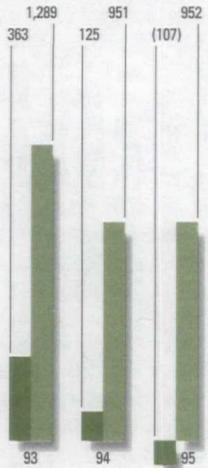
Consolidated net income in 1994 of $1,759 million, excluding a noncash charge of $680 million for a change in accounting principle, was $325 million lower than in 1993. The lower income reflected higher special charges of $472 million in 1994, compared with special charges of $140 million in 1993.

Graphs, charts and associated captions on pages 17–48 are not a part of the Consolidated Financial Statements and Notes thereto.

Management Discussion and Analysis

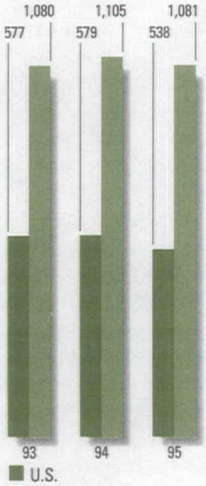
Petroleum Operations
Upstream–Exploration & Producing

Upstream Earnings
(Millions of dollars)



Upstream earnings were reduced by adopting a new accounting standard and by restructuring charges.

Net Production
(Thousands of barrels daily of oil equivalent)



Lower production in the U.S. reflected natural field declines and asset sales. Growth in international volumes was interrupted by temporary operating problems, primarily in Nigeria.

Exploration & Producing Segment Financial Indicators

(In millions)	1993	1994	**1995**
U.S. Earnings (Loss)	$ 363	$ 125	**$ (107)**
International Earnings	1,289	951	**952**
Total Earnings	$ 1,652	$ 1,076	**$ 845**
Revenues(1)	$ 10,449	$ 10,193	**$ 11,081**
Assets	$ 14,334	$ 14,116	**$ 14,393**
Capital Expenditures	$ 1,560	$ 1,642	**$ 2,247**
Exploration Expenses	405	516	**427**
Total Capital and Exploration Expenditures	$ 1,965	$ 2,158	**$ 2,674**

(1) Includes intersegment revenues.

Our primary upstream goals are to sustain long-term production and earnings growth while enhancing our core asset base through efficient depletion, divestiture and acquisitions. Results in 1995 were impacted by charges for impairment of assets (FAS121) and further restructuring initiatives. The favorable impact of stronger crude oil and LNG prices, lower exploration expenses and reduced capital recovery charges was partly offset by weak natural gas prices in North America and the United Kingdom and by lower production.

Upstream net income of $845 million was $231 million lower than in 1994. Operating earnings of $1,397 million (U.S., $332 million; International, $1,065 million: refer to tables on page 21) increased $73 million, or 6%, due to higher worldwide crude oil prices, lower capital recovery charges and lower exploration expenses, partly offset by lower natural gas prices and production volumes. Operating expenses were essentially unchanged even though additional costs were incurred in developing new business opportunities.

In 1995, Mobil produced 810,000 barrels per day of liquids and 4,554 million cubic feet per day of natural gas. Worldwide production decreased somewhat from 1994 due to natural field declines and asset sales in North America, as well as from temporary operational disruptions overseas. Mobil replaced 106% of its production with new reserves, excluding purchases and sales, compared with 117% in 1994.

In 1994, earnings totaled $1,076 million, down $576 million from 1993. Operating earnings of $1,324 million decreased $206 million due to lower worldwide crude oil and natural gas prices and higher exploration expenses.

Revenues in 1995 were up 9% as higher crude oil prices and higher natural gas sales volumes were only partially offset by lower crude oil sales volumes and lower natural gas prices in North America and the United Kingdom. In 1994, revenues were down slightly from 1993 as lower crude oil and natural gas prices were partially offset by higher sales volumes. These revenues included sales to other segments of the company, which were eliminated in consolidated financial information.

Capital and exploration expenditures in 1995 were $2,674 million, up 24% from 1994. Planned capital and exploration expenditures for 1996 are $2.8 billion, up 5% from 1995, and are directed predominantly to international areas.

Development of the Zafiro offshore complex in Equatorial Guinea began, with first production scheduled for third quarter 1996. In Qatar, work continued on development of the giant North field and the Qatargas LNG plant, where LNG deliveries will begin in 1997. The first sales contract for Ras Laffan LNG was signed in 1995 with first gas deliveries scheduled in 1999. Work continued in Canada on the Hibernia gravity base structure and on the topside modules with production start-up scheduled for late 1997. In Nigeria, the Oso NGL project commenced with streaming expected in 1998. In addition, development is under way on new gas and oil fields in the North Sea, Nigeria and the Gulf of Mexico.

In 1995, Mobil drilled 38 wildcat exploration wells, resulting in 14 discoveries. Exploration activities in frontier areas, including Kazakstan, Vietnam, West Africa and South America continue, along with efforts to replace reserves in established areas through participation in new producing ventures and acquisitions.

Management Discussion and Analysis

Petroleum Operations (continued)

U.S. Exploration & Producing Earnings

(In millions)	1993	1994	**1995**
Earnings (Loss)	$ 363	$ 125	**$ (107)**
Special Items in Earnings			
Restructuring provisions	(10)	—	**(51)**
Asset sales and write-downs	(13)	(181)	**(22)**
Tax rate change	(23)	—	**—**
Inventory/supplies adjustments	(19)	—	**—**
Environmental provision	(4)	—	**—**
Asset impairment (FAS 121)	—	—	**(366)**
Operating Earnings (Excludes Special Items)	$ 432	$ 306	**$ 332**

U.S. Upstream operating earnings of $332 million in 1995 were $26 million higher than 1994 mainly due to higher crude oil prices, lower exploration expenses and reduced capital recovery charges, largely offset by lower natural gas prices and lower production volumes. Operating earnings decreased $126 million in 1994 from 1993 mainly due to significantly lower natural gas prices. Lower crude oil prices and higher exploration expenses were largely offset by lower operating expenses.

Our average U.S. crude oil price per barrel of $14.52 increased $1.61 from the 1994 level of $12.91. The price in 1993 was $13.54 per barrel. In 1995, average natural gas prices per thousand cubic feet fell $.32, to $1.58, from $1.90 in 1994. In 1993, natural gas prices averaged $2.22 per thousand cubic feet.

U.S. production decreased primarily due to the effect of natural field declines in our mature areas, asset sales and weather disruptions in the Gulf of Mexico.

Special items in 1995 included charges for major restructuring initiatives, losses on asset sales and FAS 121 impairments. Earnings in 1994 included charges for property write-downs and losses on asset sales. Earnings in 1993 were reduced by charges for restructuring, losses on asset sales, an adjustment to deferred taxes, inventory/supplies adjustments and a provision for environmental remediation.

International Exploration & Producing Earnings

(In millions)	1993	1994	**1995**
Earnings	$1,289	$ 951	**$ 952**
Special Items in Earnings			
Restructuring provisions	—	(9)	**(41)**
Tax rate changes and other items	176	—	**26**
Asset sales and write-downs	15	(58)	**23**
Asset impairment (FAS 121)	—	—	**(121)**
Operating Earnings (Excludes Special Items)	$1,098	$1,018	**$1,065**

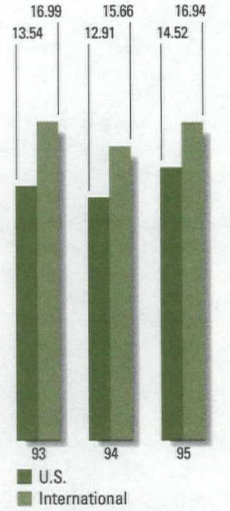
International Upstream operating earnings of $1,065 million in 1995, up $47 million from 1994, reflected higher prices for liquids and Indonesian LNG, which more than offset higher operating expenses in new growth areas, lower production volumes and lower natural gas prices in the U.K. and Canada. Also, exploration expenses were lower with improved drilling success and the timing of well completions. Operating earnings in 1994 were 7% lower than 1993, reflecting lower crude oil and natural gas prices and higher exploration expenses, partly offset by higher production volumes and LNG sales.

Our average international crude oil price per barrel rose $1.28 to $16.94 in 1995, after dropping $1.33 during 1994. In 1993, crude oil prices averaged $16.99 per barrel. International natural gas prices tend to follow the movement of crude oil prices, but with varying time lags depending on the country.

Production decreased in 1995 primarily due to temporary operational interruptions in Nigeria and Australia, natural field declines in Canada and expiration of short-term sales contracts in Indonesia, partly offset by production from new fields in the U.K. and Germany.

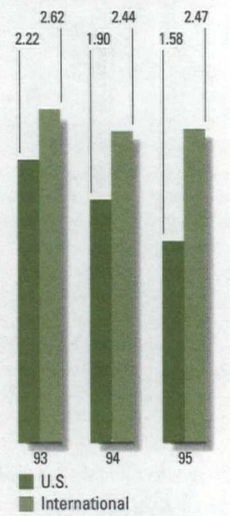
Special items in 1995 included charges for restructuring initiatives, FAS 121 impairments (mainly in Canada) and benefits from tax adjustments and asset sales. Earnings in 1994 included charges for restructuring and property write-downs. Earnings in 1993 included net benefits from favorable tax rate changes, tax settlements and gains on asset sales.

Crude Oil Average Sales Price
(Dollars per barrel)



Worldwide crude prices increased nearly $1.50 per barrel in 1995, primarily due to higher demand in the Asia-Pacific region and supply disruptions caused by hurricanes in the Gulf of Mexico.

Natural Gas Average Sales Price
(Dollars per thousand cubic feet)



U.S. natural gas prices fell again in 1995, reflecting increased supply from new capacity in Canada and the Gulf of Mexico, as well as lower summer cooling demand.

Management Discussion and Analysis

Petroleum Operations (continued)
Downstream–Marketing & Refining

Marketing & Refining Segment Financial Indicators

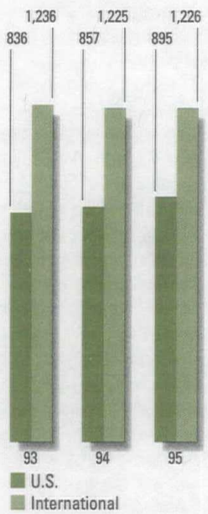
(In millions)	1993	1994	**1995**
U.S. Earnings	$ 151	$ 241	**$ 226**
International Earnings	554	647	**447**
Total Earnings	$ 705	$ 888	**$ 673**
Revenues[1]	$ 53,950	$ 56,861	**$ 62,362**
Assets	$ 20,914	$ 21,767	**$ 22,463**
Capital Expenditures	$ 1,262	$ 1,297	**$ 1,292**

[1] Includes intersegment revenues.

Downstream Earnings
(Millions of dollars)

Benefits from business initiatives, lower expenses and higher sales volumes were more than offset by this year's restructuring charges.

Refinery Runs for Mobil
(Thousands of barrels daily)



Refinery runs increased in the U.S. and in the Asia-Pacific region, partly offset by the shutdown of the Woerth refinery in Europe and a turnaround in Saudi Arabia.

Our primary downstream goal is to raise our return on capital employed to a top competitive level by improving the quality of a good asset base, streamlining operations, pursuing attractive growth opportunities, and satisfying our customers' needs while keeping pace with environmental demands. Operating results in 1995 were very strong despite weaker industry refining margins. However, earnings were adversely affected by restructuring and other special charges.

Downstream earnings of $673 million in 1995 were $215 lower than in 1994. Excluding special items (refer to tables on page 23), operating earnings of $1,135 million (U.S., $330 million; International, $805 million) increased $171 million. Business initiatives contributed to lower expenses, higher volumes, better refinery performance and higher lube income, which more than offset lower worldwide industry refining margins.

We recorded restructuring provisions of $420 million, primarily to cover severance benefits related to work force reductions. Continued implementation of cost reduction programs in all downstream businesses is expected to favorably impact 1996 results. To strengthen our competitive position, we are continuing to look closely at all of our assets and will further restructure operations or divest assets to maximize our long-term returns.

Earnings in 1994 totaled $888 million, up $183 million from 1993. Operating earnings in 1994 decreased $124 million as a result of lower refining margins, reflecting ample supplies of product due to additional capacity in the U.S., new grassroots industry capacity in the Asia-Pacific region and weak distillate prices in the face of warmer-than-normal weather in first quarter 1994.

Downstream revenues increased 10% in 1995 due to higher product sales volumes and prices. Revenues were higher in 1994 versus 1993 due to higher product sales volumes.

Overall, capital expenditures were essentially unchanged in 1995, with increased focus on the growing international arena. Planned expenditures for 1996 are $1.4 billion, up 8% from 1995, with approximately 30% in the U.S. and 70% directed to international areas.

We continue to strengthen our position in areas with growth potential, particularly in the Asia-Pacific region and Latin America. A lubricant blending plant in Tianjin, China (near Beijing), the first 100% foreign-owned oil industry facility in China, is under construction. A second lube blending plant in Taicang, China (near Shanghai), has been approved and is scheduled to be streamed in 1997. Our joint venture refinery in Kawasaki, Japan, is scheduled to complete a project to upgrade lower-value residual fuels to higher-value products in 1997. Construction began in 1995 on a new cracking unit at our Altona, Australia, refinery and is on schedule to be streamed in late 1996. At Adelaide, Australia, a project is under way to expand lube base-stock capacity with a scheduled start-up in 1996. A new lube base-stock unit is being progressed at the Jurong, Singapore, refinery. In Yanbu, Saudi Arabia, the Petromin Lubricating Oil Refining Company, in which Mobil owns a 30% interest, is progressing the construction of a new, two-million-barrel-per-year lubricant base-stock refinery with completion scheduled in early 1997. Our Coryton, United Kingdom, refinery has installed a gas turbine generator that will decrease costs and improve operating reliability. In Latin America, we have entered the retail fuels market in Peru and Ecuador. While we are investing in various growth areas, we also continue to divest assets that do not meet long-term profitability criteria, as evidenced by closure of our Woerth, Germany, refinery.

Management Discussion and Analysis

Petroleum Operations (concluded)

U.S. Marketing & Refining Earnings

(In millions)	1993	1994	**1995**
Earnings	$ 151	$ 241	**$ 226**
Special Items in Earnings			
Restructuring provisions	(23)	(11)	**(104)**
Asset write-downs	—	(35)	**—**
LIFO/other inventory adjustments	22	14	**—**
Environmental provisions	(144)	—	**—**
Operating Earnings (Excludes Special Items)	$ 296	$ 273	**$ 330**

U.S. Downstream operating earnings were $330 million, $57 million higher than in 1994. Benefits from business initiatives, including lower expenses, higher sales volumes, improved lube income and excellent refinery performance offset weaker business conditions.

The 1994 operating income of $273 million was down $23 million from 1993 due to lower industry margins and a reduced advantage for refining heavier, higher-sulfur crudes. Results benefited from continued emphasis on cost reductions and other business initiatives, as well as increased petroleum product sales and production and higher lube income.

Special items reduced earnings in each year. In 1995, special items were for restructuring provisions ($65 million for staff services redesign and $39 million for further operational restructuring). Included in 1994 earnings were a restructuring provision, property write-downs and favorable LIFO/inventory adjustments. In 1993, special items were a provision for environmental remediation (mainly for service stations), a charge for restructuring and the favorable impact of a LIFO liquidation.

International Marketing & Refining Earnings

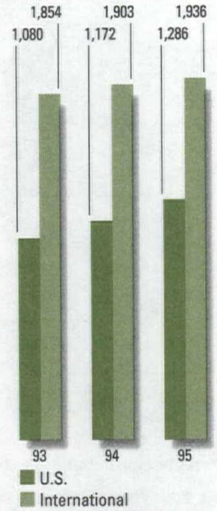
(In millions)	1993	1994	**1995**
Earnings	$ 554	$ 647	**$ 447**
Special Items in Earnings			
Restructuring provisions	(43)	(44)	**(316)**
Asset sales and write-downs	35	—	**(29)**
LIFO/other inventory adjustments	(250)	—	**(13)**
Tax rate changes	20	—	**—**
Operating Earnings (Excludes Special Items)	$ 792	$ 691	**$ 805**

International Downstream operating earnings were $805 million in 1995, $114 million higher than in 1994. More than offsetting generally weak industry refining margins and lower marketing margins in Japan were lower expenses in Europe and Australia, benefits from ongoing business initiatives, higher sales volumes (particularly in the rapidly growing Asia-Pacific region), higher lube income, and the benefit of the Singapore refinery upgrade.

Operating earnings of $691 million in 1994 were $101 million lower than in 1993, reflecting very weak worldwide refining margins. These were partially offset by higher marketing margins and benefits derived from ongoing business initiatives, which contributed to higher trade sales volumes, particularly in the Asia-Pacific region, and expense savings, particularly in Europe.

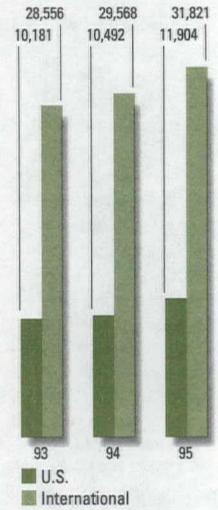
Special items in 1995 included restructuring provisions ($88 million for staff services redesign and $228 million for European refining and lubricant blending), property write-downs and a LIFO adjustment. In 1994, earnings included restructuring provisions primarily for work force reductions in Europe. Special items in 1993 included a $250 million noncash charge for the excess of local currency LIFO inventory values over market values, restructuring provisions, gains on asset sales and favorable tax rate changes.

Downstream Petroleum Product Sales Volumes
(Thousands of barrels daily)



Sales volumes increased for the fifth consecutive year.

Downstream Petroleum Product Sales Revenues
(Millions of dollars)

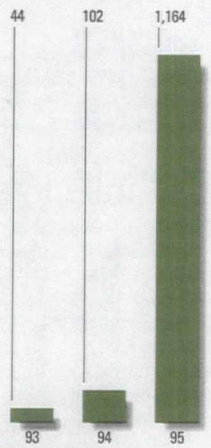


Downstream petroleum product sales revenues were up, driven by this year's higher sales volumes and prices.

Management Discussion and Analysis

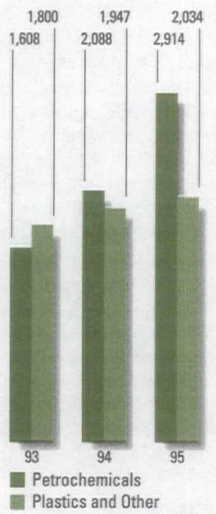
Chemical

Chemical Earnings
(Millions of dollars)



Chemical's record earnings include a major asset sale and also reflect improved industry fundamentals and business initiatives.

Chemical Net Sales to Trade
(Millions of dollars)



Higher revenues resulted from both higher prices and volumes. Sales in 1995 reflect approximately 11 months of Plastics Division operations.

Chemical Segment Financial Indicators

(In millions)	1993	1994	**1995**
Petrochemicals Earnings	$ 19	$ 129	**$ 544**
Plastics and Other Earnings	25	88	**636**
Restructuring Provisions	—	(115)	**(16)**
Total Earnings	$ 44	$ 102	**$ 1,164**
Revenues[1]	$ 3,720	$ 4,463	**$ 6,390**
Assets	$ 3,451	$ 3,672	**$ 3,212**
Capital Expenditures	$ 312	$ 212	**$ 220**

[1] Includes intersegment revenues.

Chemical Earnings

(In millions)	1993	1994	**1995**
Earnings	$ 44	$ 102	**$ 1,164**
Special Items in Earnings			
Asset sale	—	—	**501**
Restructuring provisions	—	(115)	**(16)**
Environmental provision	—	(7)	—
Operating Earnings (Excludes Special Items)	$ 44	$ 224	**$ 679**

Our primary Chemical goals are to increase our return on capital employed through productivity improvements and cost reductions, to capitalize on operating synergies with other Mobil units and to exploit growth opportunities where we have a competitive advantage. Record earnings in 1995 reflected strong industry fundamentals, results of cost reduction programs and a one-time benefit from the sale of the Plastics Division.

Chemical operating earnings of $679 million in 1995 were $455 million higher than in 1994 as a result of improved petrochemical prices, notably polyethylene and paraxylene. Ethylene supply and demand balances were tight through the first half of 1995 due to the lingering effects of 1994 industry operating problems. Paraxylene demand, especially in the Asia-Pacific region, coupled with tight supply, drove prices to record highs. Operating income also benefited from our joint venture in Saudi Arabia, in the final year of its tax holiday, and from ongoing business initiatives.

Operating earnings were $224 million in 1994, an increase of $180 million over 1993 due to improved industry fundamentals. Margins for integrated polyethylene resin operations improved on strong worldwide demand and tight industry ethylene capacity.

Trade sales revenues increased 23% in 1995 due to higher prices and volumes. The increase in volumes, up 7%, reflected a full year of operations at the Singapore aromatics complex. Somewhat offsetting these increases were slightly lower U.S. volumes for polyethylene and fabricated products. In 1994, sales revenues increased due to higher prices and volumes.

As part of a program to more than double our worldwide paraxylene capacity, we have begun construction on a grassroots facility in Beaumont, Texas, and a major expansion at Chalmette, Louisiana. The projects are expected to stream by early 1997. Our new oriented polypropylene (OPP) plant at Kerkrade, the Netherlands, doubled its capacity to over 60 million pounds when a second orienter was streamed in March 1995. We have also announced plans to expand our worldwide OPP capacity by one-third by year-end 1998. A new ester manufacturing facility was streamed in November 1995 at Amsterdam, the Netherlands, to support growth in our synthetic lubricants businesses.

The Plastics Division was sold in late 1995 for $1.27 billion, producing over $500 million of net income. The sale is part of our strategy to enhance shareholder value by focusing on our core businesses of oil, natural gas and petrochemicals and selling those noncore businesses that are worth more to others. See Note 3 to Financial Statements on page 37 for further discussion of the sale.

Capital expenditures were $220 million in 1995. Planned capital expenditures for 1996 are $400 million, primarily related to worldwide capacity expansions and productivity improvements.

Corporate and Other

Corporate and Other Expense (In millions)	1993	1994	**1995**
Corporate and Other Expense	$ (190)	$ (98)	**$ (11)**
Special Items included:			
Asset sale and write-downs	—	(46)	**74**
Litigation settlement	—	—	**71**
Restructuring provisions	(32)	20	**(62)**
Other items	(19)	—	**(24)**
Operating Expense (Excludes Special Items)	$ (139)	$ (72)	**$ (70)**

Corporate and Other expense decreased $87 million in 1995 to $11 million. This category includes results from Real Estate and Mining and Minerals operations, administrative expenses and other corporate items. Excluding special items (refer to table above), expenses of $70 million were $2 million lower than last year. Increased real estate income and lower expenses were offset by implementation costs associated with the restructuring of staff support services.

Special items in 1995 included benefits from a $74 million gain on the sale of our South Fort Meade phosphate mine and $71 million from a favorable litigation settlement as well as charges of $62 million for restructuring and a $24 million environmental provision related to mining operations. In 1994, earnings included charges for property write-downs, partly offset by a credit for prior-year restructuring charges allocated to the Chemical business segment when this program was implemented. In 1993, earnings included special charges, principally for corporate-wide restructuring.

Excluding special items from both periods, expenses decreased $67 million in 1994 from 1993. Phosphate and real estate operations improved, and expenses were lower as a result of the absence of costs incurred in 1993 for solar energy operations prior to discontinuation of the business.

Net Financing Expense

Net Financing Expense (In millions)	1993	1994	**1995**
Net Financing Expense	$ (127)	$ (209)	**$ (295)**
Special Items in Expense			
Tax adjustments	159	—	—
Foreign exchange adjustment	13	—	—
Operating Expense (Excludes Special Items)	$ (299)	$ (209)	**$ (295)**

Net Financing Expense is primarily the interest Mobil pays on third-party borrowings, net of earned interest income. Net Financing Expense of $295 million was $86 million higher than in 1994, mainly reflecting higher average effective interest rates in 1995 and the absence of certain favorable nonrecurring items in 1994. Excluding special items, Net Financing Expense of $209 million in 1994 improved $90 million from 1993, primarily reflecting lower interest rates and debt levels, with average net debt down $600 million.

Environmental Matters

Over the past three years Mobil has spent $3 billion to safeguard the environment.

Environmental Expenditures		U.S.			International	
(In millions)	1993	1994	**1995**	1993	1994	**1995**
Capital	$326	$279	**$172**	$ 182	$174	**$135**
Protection and Compliance						
Ongoing operations	359	303	**238**	148	191	**184**
Remediation	108	91	**67**	24	22	**24**
Total Environmental Expenditures	$793	$673	**$477**	$ 354	$387	**$343**

Mobil's commitment and practice is to conduct its operations with full concern for safeguarding the environment, employees, customers and the public—wherever we operate. We accomplish this through long-standing corporate policies, innovative technologies, extensive training and constant attention to environmental matters in our day-to-day operations. Environmental expenditures are a significant cost of doing business, and the U.S. and other countries continue to impose more stringent environmental requirements. Although we cannot predict accurately how environmental expenditures will affect future operations and earnings, we expect to continue to incur substantial costs. Mobil believes its costs will not vary significantly from those of its competitors.

Capital expenditures are additions or modifications to plants and facilities to limit, monitor and control emissions and waste generation and to manufacture products. The majority of U.S. environmental capital expenditures have been made to comply with federal and state clean air and water regulations as well as waste-management requirements. These capital expenditures were incurred in 1993, 1994 and to a lesser extent in 1995, and related mainly to manufacture of reformulated gasoline/clean fuels. As required in 1995, Mobil began selling clean-burning reformulated gasoline in those metropolitan areas designated by the Environmental Protection Agency (EPA) where Mobil markets gasoline products. Additional emission reductions are mandated by the year 2000.

Internationally, capital expenditures were made in response to increasing government requirements aimed at protecting against ground and surface water contamination and at reducing air emissions. Worldwide capital expenditures for environmental matters in 1996 are expected to be 12% lower than in 1995.

Protection and Compliance expenditures are Mobil's recurring costs associated with managing hazardous substances, emissions and waste generation in ongoing operations, and the costs to remediate identified contamination. The decline in U.S. expenditures reflects corrective action taken in prior years to meet compliance requirements, the use of improved remediation technology and resource utilization, and a government/industry trend toward utilizing a risk-based corrective action approach to remediating subsurface contamination.

Like many other companies, Mobil periodically receives notices from the EPA, or equivalent state agencies, that it has been designated as a potentially responsible party (PRP) for remediation of hazardous-waste sites. The majority of these sites are still under investigation by the EPA or the state agencies concerned. All PRPs are jointly and severally liable under the federal Superfund law; however, since the early 1980s, Mobil has been successful in sharing cleanup costs with other financially sound companies. At December 31, 1995, Mobil had been successful in resolving its involvement in 106 of the 251 sites where it had been named a PRP. The number of PRP sites does not represent a relevant measure of liability as each company's involvement in a site can vary substantially.

Mobil believes it has provided adequate reserves for known environmental obligations. However, Mobil may be subject to future environmental remediation liabilities relating to assets previously sold, closed facilities, requirements not yet identified or the sale or disposition of operating facilities. While the amounts could be material to Mobil's earnings in the periods in which such liabilities arise, the extent of such future remediation requirements and costs is not subject to reasonable estimation. Based on our long experience in managing environmental matters in our businesses, we do not anticipate that the aggregate level of future remediation costs will increase above recent levels so as to mat[illegible] adversely affect our consolidated financial position or liquidity. See also Note 18 t[illegible] on page 47 for further discussion of environmental liabilities.

Management Discussion and Analysis

Corporate and Other

Corporate and Other Expense (In millions)	1993	1994	**1995**
Corporate and Other Expense	$ (190)	$ (98)	**$ (11)**
Special Items included:			
Asset sale and write-downs	—	(46)	**74**
Litigation settlement	—	—	**71**
Restructuring provisions	(32)	20	**(62)**
Other items	(19)	—	**(24)**
Operating Expense (Excludes Special Items)	$ (139)	$ (72)	**$ (70)**

Corporate and Other expense decreased $87 million in 1995 to $11 million. This category includes results from Real Estate and Mining and Minerals operations, administrative expenses and other corporate items. Excluding special items (refer to table above), expenses of $70 million were $2 million lower than last year. Increased real estate income and lower expenses were offset by implementation costs associated with the restructuring of staff support services.

Special items in 1995 included benefits from a $74 million gain on the sale of our South Fort Meade phosphate mine and $71 million from a favorable litigation settlement as well as charges of $62 million for restructuring and a $24 million environmental provision related to mining operations. In 1994, earnings included charges for property write-downs, partly offset by a credit for prior-year restructuring charges allocated to the Chemical business segment when this program was implemented. In 1993, earnings included special charges, principally for corporate-wide restructuring.

Excluding special items from both periods, expenses decreased $67 million in 1994 from 1993. Phosphate and real estate operations improved, and expenses were lower as a result of the absence of costs incurred in 1993 for solar energy operations prior to discontinuation of the business.

Net Financing Expense

Net Financing Expense (In millions)	1993	1994	**1995**
Net Financing Expense	$ (127)	$ (209)	**$ (295)**
Special Items in Expense			
Tax adjustments	159	—	—
Foreign exchange adjustment	13	—	—
Operating Expense (Excludes Special Items)	$ (299)	$ (209)	**$ (295)**

Net Financing Expense is primarily the interest Mobil pays on third-party borrowings, net of earned interest income. Net Financing Expense of $295 million was $86 million higher than in 1994, mainly reflecting higher average effective interest rates in 1995 and the absence of certain favorable nonrecurring items in 1994. Excluding special items, Net Financing Expense of $209 million in 1994 improved $90 million from 1993, primarily reflecting lower interest rates and debt levels, with average net debt down $600 million.

Management Discussion and Analysis

Environmental Matters

Over the past three years Mobil has spent $3 billion to safeguard the environment.

Environmental Expenditures		U.S.			International	
(In millions)	1993	1994	**1995**	1993	1994	**1995**
Capital	$326	$279	**$172**	$ 182	$174	**$135**
Protection and Compliance						
Ongoing operations	359	303	**238**	148	191	**184**
Remediation	108	91	**67**	24	22	**24**
Total Environmental Expenditures	$793	$673	**$477**	$ 354	$387	**$343**

Mobil's commitment and practice is to conduct its operations with full concern for safeguarding the environment, employees, customers and the public—wherever we operate. We accomplish this through long-standing corporate policies, innovative technologies, extensive training and constant attention to environmental matters in our day-to-day operations. Environmental expenditures are a significant cost of doing business, and the U.S. and other countries continue to impose more stringent environmental requirements. Although we cannot predict accurately how environmental expenditures will affect future operations and earnings, we expect to continue to incur substantial costs. Mobil believes its costs will not vary significantly from those of its competitors.

Capital expenditures are additions or modifications to plants and facilities to limit, monitor and control emissions and waste generation and to manufacture products. The majority of U.S. environmental capital expenditures have been made to comply with federal and state clean air and water regulations as well as waste-management requirements. These capital expenditures were incurred in 1993, 1994 and to a lesser extent in 1995, and related mainly to manufacture of reformulated gasoline/clean fuels. As required in 1995, Mobil began selling clean-burning reformulated gasoline in those metropolitan areas designated by the Environmental Protection Agency (EPA) where Mobil markets gasoline products. Additional emission reductions are mandated by the year 2000.

Internationally, capital expenditures were made in response to increasing government requirements aimed at protecting against ground and surface water contamination and at reducing air emissions. Worldwide capital expenditures for environmental matters in 1996 are expected to be 12% lower than in 1995.

Protection and Compliance expenditures are Mobil's recurring costs associated with managing hazardous substances, emissions and waste generation in ongoing operations, and the costs to remediate identified contamination. The decline in U.S. expenditures reflects corrective action taken in prior years to meet compliance requirements, the use of improved remediation technology and resource utilization, and a government/industry trend toward utilizing a risk-based corrective action approach to remediating subsurface contamination.

Like many other companies, Mobil periodically receives notices from the EPA, or equivalent state agencies, that it has been designated as a potentially responsible party (PRP) for remediation of hazardous-waste sites. The majority of these sites are still under investigation by the EPA or the state agencies concerned. All PRPs are jointly and severally liable under the federal Superfund law; however, since the early 1980s, Mobil has been successful in sharing cleanup costs with other financially sound companies. At December 31, 1995, Mobil had been successful in resolving its involvement in 106 of the 251 sites where it had been named a PRP. The number of PRP sites does not represent a relevant measure of liability as each company's involvement in a site can vary substantially.

Mobil believes it has provided adequate reserves for known environmental obligations. However, Mobil may be subject to future environmental remediation liabilities relating to assets previously sold, closed facilities, requirements not yet identified or the sale or disposition of operating facilities. While the amounts could be material to Mobil's earnings in the periods in which such liabilities arise, the extent of such future remediation requirements and costs is not subject to reasonable estimation. Based on our long experience in managing environmental matters in our businesses, we do not anticipate that the aggregate level of future remediation costs will increase above recent levels so as to materially and adversely affect our consolidated financial position or liquidity. See also Note 18 to Financial Statements on page 47 for further discussion of environmental liabilities.

Management Discussion and Analysis

Quarterly Financial Data (unaudited)

(In millions, except per-share amounts)	1994 First Quarter	1994 Second Quarter	1994 Third Quarter	1994 Fourth Quarter	1994 Full Year	1995 First Quarter	1995 Second Quarter	1995 Third Quarter	1995 Fourth Quarter	1995 Full Year
Revenues										
Sales and services	$14,948	$16,047	$16,739	$19,023	$66,757	**$17,402**	**$18,700**	**$18,267**	**$19,044**	**$73,413**
Income from equity investments, asset sales, interest and other	170	168	147	141	626	**225**	**149**	**370**	**1,213**	**1,957**
Total Revenues	15,118	16,215	16,886	19,164	67,383	**17,627**	**18,849**	**18,637**	**20,257**	**75,370**
Costs and Expenses										
Crude oil, products and operating supplies and expenses	8,095	8,839	9,137	10,594	36,665	**10,003**	**10,598**	**10,172**	**10,857**	**41,630**
Exploration expenses	82	108	152	174	516	**95**	**79**	**102**	**151**	**427**
Selling and general expenses	1,249	1,344	1,355	1,505	5,453	**1,256**	**1,868**	**1,274**	**1,290**	**5,688**
Depreciation, depletion and amortization	668	1,034	673	723	3,098	**669**	**868**	**688**	**1,523**	**3,748**
Interest and debt discount expense	120	135	101	105	461	**115**	**117**	**119**	**116**	**467**
Taxes other than income taxes	3,827	4,155	4,404	5,126	17,512	**4,259**	**4,739**	**4,880**	**5,141**	**19,019**
Income taxes	542	402	561	414	1,919	**594**	**401**	**616**	**404**	**2,015**
Total Costs and Expenses	14,583	16,017	16,383	18,641	65,624	**16,991**	**18,670**	**17,851**	**19,482**	**72,994**
Income Before Change in Accounting Principle	535	198	503	523	1,759	**636**	**179**	**786**	**775**	**2,376**
Cumulative Effect of Change in Accounting Principle	(680)	—	—	—	(680)	—	—	—	—	—
Net Income (Loss)	$ (145)	$ 198	$ 503	$ 523	$ 1,079	**$ 636**	**$ 179**	**$ 786**	**$ 775**	**$ 2,376**
Per Common Share										
Income Before Change in Accounting Principle	$ 1.31	$ 0.46	$ 1.23	$ 1.28	$ 4.28	**$ 1.57**	**$ 0.42**	**$ 1.95**	**$ 1.93**	**$ 5.87**
Net Income (Loss)	$ (0.40)	$ 0.46	$ 1.23	$ 1.28	$ 2.57	**$ 1.57**	**$ 0.42**	**$ 1.95**	**$ 1.93**	**$ 5.87**
Dividends	$ 0.85	$ 0.85	$ 0.85	$ 0.85	$ 3.40	**$ 0.85**	**$ 0.925**	**$ 0.925**	**$ 0.925**	**$ 3.625**
Special Items Included in Net Income										
Restructuring provisions	—	$ (95)	$ (9)	$ (55)	$ (159)	**—**	**$ (505)**	**$ —**	**$ (85)**	**$ (590)**
Asset sale gains/(losses)	—	—	—	(21)	(21)	**—**	**(22)**	**—**	**598**	**576**
Litigation settlement	—	—	—	—	—	**—**	**—**	**71**	**—**	**71**
Asset write-downs	—	(220)	(16)	(63)	(299)	**—**	**—**	**(29)**	**—**	**(29)**
Tax related issues	—	—	—	—	—	**—**	**—**	**—**	**26**	**26**
Environmental provisions	—	—	—	(7)	(7)	**—**	**—**	**—**	**(24)**	**(24)**
Inventory adjustments	—	—	—	14	14	**—**	**—**	**—**	**(13)**	**(13)**
Asset impairment (FAS 121)	—	—	—	—	—	**—**	**—**	**—**	**(487)**	**(487)**
Total Special Items	—	(315)	(25)	(132)	(472)	**—**	**(527)**	**42**	**15**	**(470)**
Cumulative Effect of Change in Accounting Principle	(680)	—	—	—	(680)	**—**	**—**	**—**	**—**	**—**
Operating Earnings[(1)]	$ 535	$ 513	$ 528	$ 655	$ 2,231	**$ 636**	**$ 706**	**$ 744**	**$ 760**	**$ 2,846**
Sales Price per Common Share[(2)]										
High	$ 82 3/4	$ 85 1/4	$ 86 1/8	$ 87 1/8	$ 87 1/8	**$ 93 1/2**	**$ 102**	**$ 103 5/8**	**$ 116 5/8**	**$ 116 5/8**
Low	$ 74 1/8	$ 72	$ 76 5/8	$ 77 1/2	$ 72	**$ 82 3/4**	**$ 88 1/4**	**$ 93 1/2**	**$ 98 1/2**	**$ 82 3/4**

(1) Excludes special items and the cumulative effect of change in accounting principle.

(2) The principal market for trading of Mobil's common stock is the New York Stock Exchange. The stock symbol is "MOB." The reported prices represent a composite of transactions on the New York Stock Exchange, the Chicago, Pacific, Philadelphia, Boston and Cincinnati regional exchanges and the over-the-counter market.

Management Discussion and Analysis

Commentary on Consolidated Statement of Income

Revenues from Sales and Services increased nearly $6.7 billion from 1994 due to higher sales volumes, higher crude oil and chemical prices and increased excise and state gasoline taxes, partly offset by lower natural gas prices and lower crude oil production volumes. Additionally, favorable foreign currency movements, driven by a declining dollar, resulted in higher revenues. The increase in 1994 from 1993 resulted from higher sales volumes, higher chemical sales prices, increased excise and state gasoline taxes, and currency translation effects, partly offset by lower crude oil, natural gas and product sales prices.

Income from Equity Investments, Asset Sales, Interest and Other increased due to gains from sales of certain Chemical and Mining assets and from higher equity income at our joint venture chemical operation in Saudi Arabia. Excluding a $250 million charge for the excess of local currency LIFO inventory values over market value in 1993, income from Equity Investments, Asset Sales, Interest and Other was lower in 1994 due to decreased gains from asset sales.

Total **Costs and Expenses** increased about $7.4 billion from 1994 primarily due to increases in volume-related expenses and increased charges to Depreciation, Depletion and Amortization, primarily for FAS 121 asset impairments. The increase from 1993 to 1994 was primarily due to increases in volume-related expenses, currency translation effects and increased charges to Depreciation, Depletion and Amortization for asset write-downs.

Crude Oil, Products and Operating Supplies and Expenses increased 14% in 1995 compared with 1994 due to increased crude oil and product-related prices and higher volumes to support increased sales, mainly in the U.S. The increase from 1993 to 1994 reflected the effects of higher volumes, which were only partly offset by lower crude oil and natural gas prices and lower operating expenses. Included in this expense category are research costs of $301 million in 1993, $275 million in 1994 and $252 million in 1995.

Exploration Expenses decreased in 1995, reflecting reduced dry well expenses resulting from greater drilling success this year and timing of well completions. Expenses in 1994 were higher than in 1993 mainly due to an expanded drilling program.

Selling and General Expenses increased in 1995 primarily due to special charges for restructuring.

Depreciation, Depletion and Amortization Expenses increased in 1995 primarily due to the $774 million charge resulting from the adoption of FAS 121 (see Note 6 on page 38), more than offsetting the prior year's asset write-downs. Expenses in 1994 were higher than in 1993 primarily due to higher asset write-downs in 1994.

Taxes Other than Income Taxes increased $1.5 billion in 1995 due to higher U.S. sales volumes, currency translation effects and higher foreign excise tax rates. The increase from 1993 to 1994 primarily reflected higher production and sales volumes and higher U.S. excise tax rates.

Income Taxes increased in 1995 due to higher U.S. pretax income. In 1994 Income Taxes were essentially equal to 1993, as the effects of lower 1994 pretax income were offset by 1993 benefits from the effects of foreign tax rate reductions and settlements.

Total Revenues vs. Costs and Expenses
(Millions of dollars)

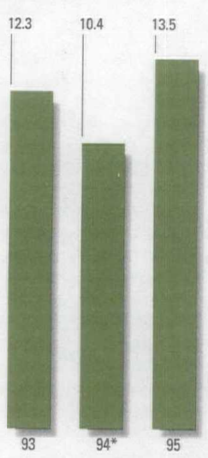
Revenues rose reflecting asset sales and higher sales volumes. Higher expenses are due to higher sales volumes and special charges.

Commentary on Consolidated Statement of Changes in Shareholders' Equity

Total **Shareholders' Equity** rose $805 million in 1995. Earnings Retained in the Business increased $886 million in 1995, as income exceeded common and preferred stock dividends. The cost of Common Stock Held in Treasury increased by $289 million in 1995, as 2,996,350 shares were purchased on the open market to offset the dilutive effects of stock options. The Cumulative Foreign Exchange Translation Adjustment account (CTA) increased $96 million in 1995, reflecting the net strengthening of certain foreign currencies. Return on average shareholders' equity was 12.3% in 1993, 10.4% in 1994 (excluding the effect of the change in accounting principle) and 13.5% in 1995.

Common stock dividends paid were $3.25 per share, $3.40 per share and $3.625 per share in 1993, 1994 and 1995, respectively. Preferred stock dividends issued in the Employee Stock Ownership Plan were $59 million, $58 million and $56 million in 1993, 1994 and 1995, respectively.

Return on Average Shareholders' Equity
(In percent)



*Excludes cumulative effect of change in accounting principle.

Return on Average Shareholders' Equity increased to 13.5% this year, the highest level since 1988.

Consolidated Financial Statements

Consolidated Statement of Income

Year ended December 31 (In millions, except per-share amounts)	1993	1994	**1995**
Revenues			
Sales and services[1]	$63,474	$66,757	**$73,413**
Income from equity investments, asset sales, interest and other	501	626	**1,957**
Total Revenues	63,975	67,383	**75,370**
Costs and Expenses			
Crude oil, products and operating supplies and expenses	35,622	36,665	**41,630**
Exploration expenses	405	516	**427**
Selling and general expenses	5,483	5,453	**5,688**
Depreciation, depletion and amortization	2,629	3,098	**3,748**
Interest and debt discount expense	324	461	**467**
Taxes other than income taxes[1]	15,497	17,512	**19,019**
Income taxes	1,931	1,919	**2,015**
Total Costs and Expenses	61,891	65,624	**72,994**
Income Before Change in Accounting Principle	2,084	1,759	**2,376**
Cumulative Effect of Change in Accounting Principle	—	(680)	**—**
Net Income	$ 2,084	$ 1,079	**$ 2,376**
Income (Loss) per Common Share			
Income before change in accounting principle	$ 5.07	$ 4.28	**$ 5.87**
Cumulative effect of change in accounting principle	—	(1.71)	**—**
Net income	$ 5.07	$ 2.57	**$ 5.87**

[1] Includes excise and state gasoline taxes: 1993–$6,898 million; 1994–$7,762 million; 1995–$8,646 million.

Consolidated Statement of Changes in Shareholders' Equity

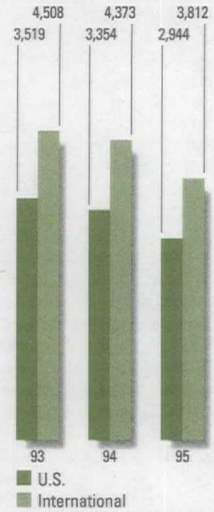
Year ended December 31 (In millions)	1993	1994	**1995**
Preferred Stock (ESOP-related)			
-Beginning of year	$ 779	$ 763	**$ 745**
-End of year, after redemptions	$ 763	$ 745	**$ 722**
Unearned Employee Compensation (ESOP-related)			
-Beginning of year	$ (613)	$ (543)	**$ (472)**
-End of year, after amortization	$ (543)	$ (472)	**$ (411)**
Common Stock			
-Beginning of year	$ 880	$ 883	**$ 885**
-End of year, after issuance of shares	$ 883	$ 885	**$ 888**
Capital Surplus			
-Beginning of year	$ 1,220	$ 1,279	**$ 1,325**
-End of year, after issuance of common shares	$ 1,279	$ 1,325	**$ 1,396**
Earnings Retained in the Business			
-Beginning of year	$16,464	$17,191	**$16,859**
-Net income	2,084	1,079	**2,376**
-Common stock dividends	(1,298)	(1,353)	**(1,434)**
-Preferred stock dividends (ESOP-related)	(59)	(58)	**(56)**
-End of year	$17,191	$16,859	**$17,745**
Cumulative Foreign Exchange Translation Adjustment			
-Beginning of year	$ (534)	$ (526)	**$ (123)**
-End of year, after adjustments	$ (526)	$ (123)	**$ (27)**
Common Stock Held in Treasury, at Cost			
-Beginning of year	$ (1,656)	$ (1,810)	**$ (2,073)**
-End of year, after purchases	$ (1,810)	$ (2,073)	**$ (2,362)**
Total Shareholders' Equity	$17,237	$17,146	**$17,951**

See Notes to Financial Statements on pages 36-48.

Management Discussion and Analysis

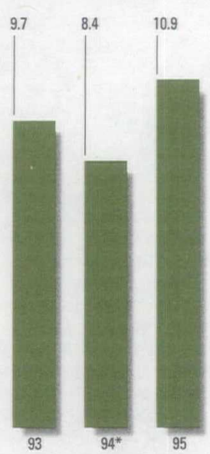
Commentary on Consolidated Balance Sheet

Total Debt
(Millions of dollars)



Debt is down almost $1 billion, primarily reflecting use of proceeds from asset sales.

Return on Average Capital Employed
(In percent)



*Excludes cumulative effect of change in accounting principle.

Return on Average Capital Employed improved substantially as we continue to strive to get the most from our asset base.

Total **Current Assets** increased $875 million, primarily the result of an increase in Accounts and Notes Receivable.

Cash and Cash Equivalents decreased $33 million from the previous year. The movements that contributed to this decrease are presented in the Consolidated Statement of Cash Flows on page 33.

Accounts and Notes Receivable increased $781 million due to the impact of higher worldwide crude oil prices and refined product and chemical sales prices and volumes.

Inventories decreased slightly, reflecting reductions in materials and supplies due to business initiatives and the sale of the Plastics Division, largely offset by increases in crude oil and petroleum products.

Investments and Long-term Receivables increased $382 million primarily due to continuing investment in Qatar LNG projects and investment in Kazakstan.

Net Properties, Plants and Equipment decreased somewhat in 1995, as depreciation, asset sales and impairments (resulting from the adoption of FAS 121) were largely offset by capital expenditures.

Total **Current Liabilities** decreased $364 million during 1995 as a decrease in Short-term Debt was partly offset by higher Accounts Payable balances associated with higher year-end crude oil and product prices.

Short-term Debt at year-end 1995 was lower than the prior year-end, as cash from the sales of non-core businesses was used to reduce commercial paper borrowings.

At year-end 1995, the **Total Debt** of Mobil and its consolidated subsidiaries was $6,756 million, a decrease of $971 million from the prior year. Mobil's year-end debt-to-capitalization ratio was 27%, down from 31% in 1994, reflecting lower debt levels primarily due to the use of proceeds from the sale of our Plastics Division in the fourth quarter. We also prepaid debt to take advantage of favorable interest rate opportunities. Mobil continues to have ready access to global financial markets, providing flexibility to take advantage of growth opportunities and low borrowing costs.

At year-end 1995, Mobil had effective shelf registrations on file with the Securities and Exchange Commission (SEC) that would permit the offer and sale of an aggregate of $1,815 million of debt securities pursuant to Rule 415 of the Securities Act of 1933. Also in place were a Euro-Medium-Term Note program to facilitate the offering and sale outside the U.S. of an additional $811 million of debt securities in 1996 or later years and a facility allowing the issuance in Japan of bonds having a principal amount of 30 billion Japanese yen. The ESOP Trust had an effective shelf registration on file with the SEC at year-end 1995 that would permit the offer and sale of $230 million of debt securities, guaranteed by Mobil, pursuant to Rule 415. The proceeds of any debt securities issued by the ESOP Trust are used to refund its existing indebtedness.

Total **Shareholders' Equity** rose $805 million (see Commentary on Consolidated Statement of Changes in Shareholders' Equity on page 28).

Mobil's capital and exploration expenditures totaled $4,268 million, an increase of $443 million from the previous year. At year-end 1995, the unspent balance of total appropriations for capital expenditures was $4.4 billion. We are not contractually committed to spend all of this amount but generally expect to do so over the next several years.

Return on Average Capital Employed was 9.7% in 1993 versus 8.4% in 1994 (excluding the cumulative effect of the change in accounting principle) and 10.9% in 1995.

Consolidated Financial Statements

Consolidated Balance Sheet

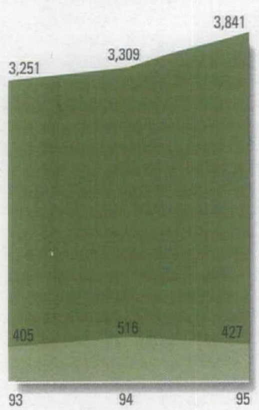
At December 31 (In millions)	1994	1995
Assets		
Current Assets		
Cash and cash equivalents	$ 531	**$ 498**
Accounts and notes receivable	6,535	**7,316**
Inventories	3,302	**3,287**
Prepaid expenses and other current assets	618	**642**
Deferred income taxes	195	**313**
Total Current Assets	11,181	**12,056**
Investments and Long-term Receivables	3,802	**4,184**
Net Properties, Plants and Equipment	25,503	**24,850**
Deferred Charges and Other Assets	1,056	**1,048**
Total Assets	$41,542	**$42,138**
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term debt	$ 3,013	**$ 2,127**
Accounts payable	4,968	**5,358**
Accrued liabilities	2,659	**2,703**
Income, excise, state gasoline and other taxes payable	2,531	**2,676**
Deferred income taxes	247	**190**
Total Current Liabilities	13,418	**13,054**
Long-term Debt	4,714	**4,629**
Reserves for Employee Benefits	1,520	**1,624**
Accrued Restoration, Removal and Environmental Costs	1,191	**1,254**
Deferred Credits and Other Noncurrent Obligations	841	**884**
Deferred Income Taxes	2,639	**2,647**
Minority Interest in Subsidiary Companies	73	**95**
Total Liabilities	24,396	**24,187**
Shareholders' Equity		
Preferred stock (ESOP-related)–shares issued and outstanding: 1994–95,778; 1995–92,864	745	**722**
Unearned employee compensation (ESOP-related)	(472)	**(411)**
Common stock-shares issued: 1994–442,336,317; 1995–443,905,531	885	**888**
Capital surplus	1,325	**1,396**
Earnings retained in the business	16,859	**17,745**
Cumulative foreign exchange translation adjustment	(123)	**(27)**
Common stock held in treasury, at cost–shares: 1994–46,349,300; 1995–49,345,650	(2,073)	**(2,362)**
Total Shareholders' Equity	17,146	**17,951**
Total Liabilities and Shareholders' Equity	$41,542	**$42,138**

See Notes to Financial Statements on pages 36-48.

Asset Sales Proceeds
(Millions of dollars)

Proceeds of over $2 billion from sales of noncore assets have reduced debt and increased our overall financial flexibility.

Capital and Exploration Expenditures
(Millions of dollars)



Capital spending was higher in 1995 as we continued to focus on growth opportunities in all our core businesses.

Management Discussion and Analysis

Commentary on Consolidated Statement of Cash Flows

The Statement of Cash Flows reports movements in cash balances from year to year and summarizes the cash provided and used during the year for operating, investing and financing activities. The impact of changes in foreign currency translation rates has been removed from the amounts reported in this statement. Therefore, except for Cash and Cash Equivalents, these amounts do not agree with the differences that would be derived from the changes in Balance Sheet amounts.

During 1995, Net Cash from Operating Activities exceeded outlays associated with investing activities and dividends by $1,072 million. This surplus was used to reduce debt levels and to purchase common stock for the treasury.

Cash Requirements—Operating Activities Over Investing

Year ended December 31 (In millions)	1993	1994	**1995**
Net cash from operating activities	$ 5,620	$ 5,362	**$ 5,024**
Net cash used in investing activities	(3,203)	(3,557)	**(2,462)**
Cash dividends	(1,357)	(1,411)	**(1,490)**
Excess of cash requirements	$ 1,060	$ 394	**$ 1,072**

Net Cash from Operating Activities decreased by $338 million from 1994. Net Cash from Operating Activities is derived by adjusting reported Net Income for charges or credits that have no cash effect (primarily Depreciation, Depletion and Amortization, Deferred Income Taxes and the Cumulative Effect of Change in Accounting Principle) and cash items reported elsewhere in this Statement (primarily Exploration Expenses).

Net Cash Used in Investing Activities decreased $1,095 million from 1994 due to higher Proceeds from Sales of Properties, Plants and Equipment and Other Assets.

In 1996, capital and exploration expenditures are expected to be $4.6 billion, up 8% from 1995. International capital expenditures are expected to account for about 75% of Mobil's total expenditures, up from about 65% in 1995, reflecting the continued shift toward international areas where opportunities to find and develop resources are greater and product demand growth is higher.

Proceeds from Sales of Properties, Plants and Equipment (PP&E) and Other Assets have provided partial funding for investing and financing activities. Proceeds from the sales of PP&E and Other Assets in 1995 were primarily generated from the sale of noncore Chemical and Mining assets, virtually all in the U.S., while 1994 proceeds were primarily from the sale of nonstrategic producing fields in the U.S. and Canada.

Net Cash Used in Financing Activities in 1995 was $409 million higher than in 1994, primarily reflecting the use of excess cash generated by operations and asset sales to reduce debt levels.

Capital and Exploration Expenditures

Year ended December 31 (In millions)		1993	1994	**1995**
Petroleum Operations				
Exploration & Producing	— U.S.	$ 427	$ 486	**$ 758**
	— International	1,133	1,156	**1,489**
Marketing & Refining	— U.S.	575	572	**484**
	— International	687	725	**808**
Chemical	— U.S.	151	159	**165**
	— International	161	53	**55**
Corporate and Other		117	158	**82**
Total Capital Expenditures		$3,251	$3,309	**$3,841**
Exploration Expenses	— U.S.	65	115	**72**
	— International	340	401	**355**
Total Exploration Expenses		405	516	**427**
Total Capital and Exploration Expenditures		$3,656	$3,825	**$4,268**

Consolidated Financial Statements

Consolidated Statement of Cash Flows

Year ended December 31 (In millions)	1993	1994	**1995**
Cash Flows from Operating Activities			
Net Income	$ 2,084	$ 1,079	**$ 2,376**
Adjustments to reconcile to net cash from operating activities			
Depreciation, depletion and amortization	2,629	3,098	**3,748**
Deferred income taxes	(260)	(210)	**(233)**
Earnings less (greater) than dividends from equity affiliates	265	(40)	**(51)**
Exploration expenses (includes noncash charges: 1993–$51; 1994–$33; 1995–$26)	405	516	**427**
Gain on sales of properties, plants and equipment and other assets	(145)	(68)	**(1,041)**
Decrease (increase) in working capital items (detailed below)	409	346	**(388)**
Other, net	233	(39)	**186**
Cumulative effect of change in accounting principle	—	680	**—**
Net Cash from Operating Activities	5,620	5,362	**5,024**
Cash Flows from Investing Activities			
Capital and exploration expenditures	(3,656)	(3,825)	**(4,268)**
Proceeds from sales of properties, plants and equipment and other assets	606	349	**2,034**
Payments attributable to investments and long-term receivables	(153)	(81)	**(228)**
Net Cash Used in Investing Activities	(3,203)	(3,557)	**(2,462)**
Cash Flows from Financing Activities			
Cash dividends	(1,357)	(1,411)	**(1,490)**
Proceeds from borrowings having original terms greater than three months	1,926	1,018	**1,739**
Repayments of borrowings having original terms greater than three months	(1,787)	(2,076)	**(1,594)**
(Decrease) increase in other borrowings	(570)	542	**(991)**
Proceeds from issuance of common stock	62	48	**74**
Purchase of common stock for treasury	(154)	(263)	**(289)**
Net Cash Used in Financing Activities	(1,880)	(2,142)	**(2,551)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents[1]	(13)	41	**(44)**
Net Increase (Decrease) in Cash and Cash Equivalents	$ 524	$ (296)	**$ (33)**
Cash and Cash Equivalents-Beginning of Year	303	827	**531**
Cash and Cash Equivalents-End of Year	$ 827	$ 531	**$ 498**

[1] Cash equivalents are liquid investments convertible to cash and have original maturities of three months or less.

Changes in Working Capital Items Decrease (Increase)			
Accounts and notes receivable	$ 152	$ (810)	**$ (994)**
Inventories	121	29	**(66)**
Prepaid expenses and other current assets	(11)	(14)	**(22)**
Accounts payable	(49)	813	**477**
Accrued liabilities	(29)	195	**83**
Income, excise, state gasoline and other taxes payable	225	133	**134**
Decrease (Increase) in Working Capital Items	$ 409	$ 346	**$ (388)**

Memo Items			
Cash income taxes paid	$ 2,136	$ 1,948	**$ 2,091**
Cash interest paid	545	522	**556**

See Notes to Financial Statements on pages 36-48.

Consolidated Financial Statements

Segment and Geographic Information

Year ended December 31 (In millions)		1993	1994	**1995**
Revenues by Segment				
Petroleum Operations				
Exploration & Producing	– Third Party	$ 6,437	$ 6,374	**$ 7,028**
	– Intersegment	4,012	3,819	**4,053**
Marketing & Refining	– Third Party	53,511	56,230	**61,376**
	– Intersegment	439	631	**986**
Chemical	– Third Party	3,533	4,195	**6,155**
	– Intersegment	187	268	**235**
Corporate and Other		494	584	**811**
Intersegment Elimination		(4,638)	(4,718)	**(5,274)**
Total Revenues		$ 63,975	$ 67,383	**$75,370**
Revenues by Geographic Area				
United States	– Third Party	$ 21,011	$ 22,388	**$25,598**
	– Intergeographic	599	405	**537**
Europe	– Third Party	20,562	21,094	**23,676**
	– Intergeographic	455	663	**899**
Asia-Pacific	– Third Party	14,131	15,411	**17,160**
	– Intergeographic	479	537	**796**
Other Areas [1]	– Third Party	7,777	7,906	**8,125**
	– Intergeographic	5,201	5,378	**5,574**
Corporate and Other		494	584	**811**
Intergeographic Elimination		(6,734)	(6,983)	**(7,806)**
Total Revenues		$ 63,975	$ 67,383	**$75,370**

At December 31 (In millions)	1993	1994	**1995**
Identifiable Assets by Segment			
Petroleum Operations			
Exploration & Producing	$ 14,334	$ 14,116	**$14,393**
Marketing & Refining	20,914	21,767	**22,463**
Chemical	3,451	3,672	**3,212**
Corporate and Other	2,421	2,380	**2,510**
Adjustments	(387)	(393)	**(440)**
Total Assets	$ 40,733	$ 41,542	**$42,138**
Identifiable Assets by Geographic Area			
United States	$ 15,726	$ 15,316	**$14,268**
Europe	9,026	9,150	**9,920**
Asia-Pacific	7,877	8,674	**8,778**
Other Areas [1]	6,244	6,604	**7,312**
Corporate and Other	2,421	2,380	**2,510**
Adjustments	(561)	(582)	**(650)**
Total Assets	$ 40,733	$ 41,542	**$42,138**

[1] Includes principally Nigeria, Saudi Arabia and Canada.

The distribution of Mobil's operations by business segment and geographic area is presented above. Petroleum Operations consist of exploration, producing, marketing and refining. Exploration & Producing explores for, develops and produces crude oil and natural gas, and extracts natural gas liquids, sulfur and carbon dioxide. Marketing & Refining is responsible for petroleum refining operations and the marketing of all refined petroleum products. Chemical manufactures and sells various petroleum-based chemical products. Corporate and Other includes the operations of Real Estate and Mining and Minerals, administrative expenses and other corporate items.

Consolidated Financial Statements

Segment and Geographic Information (concluded)

Year ended December 31 (In millions)	1993	1994	**1995**
Earnings by Segment			
Pretax Operating Profits			
Petroleum Operations			
Exploration & Producing	$ 3,452	$ 2,737	**$ 2,410**
Marketing & Refining	1,128	1,359	**894**
Chemical	25	82	**1,551**
Total Pretax Operating Profits	4,605	4,178	**4,855**
Income Taxes	(2,204)	(2,112)	**(2,173)**
Segment Earnings	2,401	2,066	**2,682**
Corporate and Other (Net of income taxes)	(190)	(98)	**(11)**
Net Financing Expense (Net of income taxes)	(127)	(209)	**(295)**
Cumulative Effect of Change in Accounting Principle (Net of income taxes)	—	(680)	**—**
Net Income	$ 2,084	$ 1,079	**$ 2,376**
Earnings by Geographic Area (Net of income taxes)			
United States	$ 484	$ 302	**$ 827**
Europe	485	380	**323**
Asia-Pacific	891[1]	1,029	**1,193**
Other Areas[2]	541	355	**339**
Geographic Earnings	2,401	2,066	**2,682**
Corporate and Other	(190)	(98)	**(11)**
Net Financing Expense	(127)	(209)	**(295)**
Cumulative Effect of Change in Accounting Principle	—	(680)	**—**
Net Income	$ 2,084	$ 1,079	**$ 2,376**
Capital Expenditures by Segment			
Petroleum Operations			
Exploration & Producing	$ 1,560	$ 1,642	**$ 2,247**
Marketing & Refining	1,262	1,297	**1,292**
Chemical	312	212	**220**
Segment Capital Expenditures	3,134	3,151	**3,759**
Corporate and Other	117	158	**82**
Total Capital Expenditures	$ 3,251	$ 3,309	**$ 3,841**
Depreciation, Depletion and Amortization by Segment			
Petroleum Operations			
Exploration & Producing	$ 1,626	$ 1,907	**$ 2,230**
Marketing & Refining	791	923	**1,168**
Chemical	162	226	**290**
Segment Depreciation, Depletion and Amortization	2,579	3,056	**3,688**
Corporate and Other	50	42	**60**
Total Depreciation, Depletion and Amortization	$ 2,629	$ 3,098	**$ 3,748**

(1) After a $250 million charge for the excess of local currency LIFO inventory values over market value at December 31, 1993.
(2) Includes principally Nigeria, Saudi Arabia and Canada.

Higher earnings in the U.S. primarily reflect Chemical's record year and, in the Asia-Pacific region, included strong performance at our Singapore refinery.

Significant investments in companies owned 50% or less are accounted for on the equity method. Mobil's share of the net income of such companies is included in Revenues. Information on these affiliates is presented in Note 12 on page 43.

Intersegment and intergeographic revenues are sales to other business or geographic segments within Mobil and are at estimated market prices. These intercompany transactions are eliminated for consolidation purposes. Income taxes are allocated to segments and geographic areas on the basis of operating results.

Notes to Financial Statements

1. Major Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiaries owned more than 50%. Significant investments in affiliated companies owned 50% or less are accounted for on the equity method. Investments in other companies in which Mobil owns less than a majority interest are stated at cost less applicable reserves. Intercompany transactions are eliminated.

Use of Estimates

The financial statements, which are prepared in conformity with generally accepted accounting principles, include amounts that are based, in part, on management's best estimates and judgments.

Inventories

Substantially all crude oil and product inventories are valued at cost under the last-in, first-out (LIFO) method. Other inventories, primarily materials and supplies, are valued generally at average cost.

Oil and Gas Accounting Method

Mobil follows the successful efforts method of accounting prescribed by FAS 19—Financial Accounting and Reporting by Oil and Gas Producing Companies.

Exploration and Mineral Rights (Leases)

Direct acquisition costs of unproved mineral rights are capitalized and then amortized as described below. Payments made in lieu of drilling on nonproducing leaseholds are charged to expense currently.

Geological, Geophysical and Intangible Drilling Costs

Geological and geophysical costs are charged to expense as incurred. Intangible drilling costs of all development wells and of exploratory wells that result in additions to proved reserves are capitalized.

Depreciation, Depletion and Amortization

Annual charges to income for depreciation are computed on a straight-line basis over the useful lives of the assets. Costs of producing properties are generally accumulated by field. Depletion of these costs and amortization of capitalized, intangible drilling costs are calculated on a unit-of-production basis.

Capitalized acquisition costs of significant unproved mineral rights are assessed periodically on a property-by-property basis to determine whether their values have been impaired; where impairment is indicated, a loss is recognized.

Capitalized acquisition costs of other unproved mineral rights are amortized over the expected holding period. When a mineral right is surrendered, any unamortized cost is charged to expense. When a property is determined to contain proved reserves, the mineral right then becomes subject to depletion on a unit-of-production basis. When assets that are part of a composite group are retired, sold, abandoned or otherwise disposed of, the cost is charged against accumulated depreciation, depletion and amortization. Where reserves are accumulated for specific properties, gains or losses on disposal are included in income currently.

Restoration, Removal and Environmental Liabilities

The estimated costs of restoration and removal of major producing facilities are accrued on a unit-of-production basis over the life of the property. The estimated future costs for known environmental remediation requirements are accrued when it is probable that a liability has been incurred and the amount of remediation costs can be reasonably estimated. These amounts are the undiscounted, future estimated costs under existing regulatory requirements and using existing technology.

Derivative Financial Instruments

Mobil utilizes derivative financial instruments primarily for purposes of hedging its exposure to fluctuations in interest rates, foreign currency exchange rates and crude oil and natural gas prices. Gains and losses on these instruments are included in the measurement of the items being hedged and recognized concurrent with the recognition of the underlying exposures.

Notes to Financial Statements

1. Major Accounting Policies (concluded)

Foreign Currency Translation

The functional currency for most foreign operations is the local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the U.S. dollar at current exchange rates are included in Cumulative Foreign Exchange Translation Adjustment in Shareholders' Equity. The U.S. dollar is used as the functional currency for operations in highly inflationary foreign economies and for exploration and producing operations in Indonesia, Nigeria and Australia. For all operations, gains or losses from remeasuring foreign currency transactions into the functional currency are included in income.

2. Restructurings

Since May 1, 1995, Mobil has initiated five major restructuring programs that will result in the elimination of approximately 6,000 positions and the closure of certain facilities. Provisions for these and other smaller programs totalled $911 million ($590 million after tax) and were charged to income in 1995 as the programs were announced. Following are details of each of the plans:

Staff Support Services –This program is expected to result in work force reductions of over 4,000 employees, and implementation will be completed in 1996. Of the total $392 million provision for this program, cash outlays are expected to total $324 million ($234 million after tax), primarily related to employee separation benefits. Noncash costs included the write-down to estimated realizable value of surplus facilities and equipment in the U.S. and United Kingdom and are estimated to total $68 million ($52 million after tax).

U.S. Upstream –This reorganization is expected to result in work force reductions of about 500 employees, and implementation will be completed by the end of the first quarter, 1996. The total provision for this initiative of $33 million ($21 million after tax) represents expected cash outlays mainly for employee separation benefits.

U.S. Downstream –This program is expected to result in work force reductions of about 700 employees. Implementation will be substantially completed by the end of the first quarter of 1996. This initiative resulted in a provision of $62 million ($39 million after tax) and represents cash outlays mainly for employee separation benefits.

European Refining Operations –This program is expected to result in work force reductions of about 500 employees. The Woerth refinery in Germany was closed in late 1995, and the expense reduction programs at the Gravenchon, France, and Coryton, United Kingdom, refineries will be implemented in stages prior to year-end 1996. The provision for this program totalled $335 million ($180 million after tax) and will result in cash outlays of $189 million ($111 million after tax), mainly related to employee separations and shutdown expenses. Additional noncash costs for writing off the investment at Woerth total $146 million ($69 million after tax).

European Lubricant Blending Plant Operations –This program is expected to result in work force reductions of about 300 employees, and implementation will be completed by year-end 1996. A provision of $57 million ($40 million after tax) was made in 1995 of which $42 million ($33 million after tax) was for employee separation costs. Noncash costs for plant write-offs are expected to be $15 million ($7 million after tax).

3. Asset Dispositions

In 1995, Mobil Chemical sold its Plastics Division for $1.27 billion, generating a gain on sale of assets in excess of $500 million after tax. The Plastics Division was a marketer and manufacturer of plastic packaging and consumer products in North America. The sale does not include Mobil Chemical's Films, Petrochemicals, Chemical Products or Composite Products Divisions.

In December, 1995, Mobil sold its South Fort Meade phosphate mine for proceeds of $283 million, resulting in a gain of $74 million after tax.

Total proceeds from these and other smaller sales, including various noncore oil and gas properties, were $2,034 million. Net pretax gains from asset sales are included on the line "Income from equity investments, asset sales, interest and other" on the Consolidated Income Statement (see page 29). These sales are part of Mobil's long-term strategy of redirecting its investments to core oil, gas and petrochemical businesses.

4. Inventory Accounting Change

Effective January 1, 1994, Mobil changed the method of accounting it uses to apply the lower of cost or market (LCM) test for its crude oil and product inventories. The LCM test is now measured, and the results are recognized separately, on a country-by-country basis, and any resulting write-downs to market are recorded as permanent adjustments to the last-in, first-out (LIFO) cost of inventory. Previously, Mobil aggregated its worldwide inventories into one pool for the determination of the LCM measurement. The $680 million after-tax charge to 1994 first quarter net income represents the cumulative effect of this accounting change as of January 1, 1994. The new method of applying the LCM test to the book value of inventories is preferable because Mobil's financial statements will better reflect local market conditions and exchange rates in the countries in which Mobil operates.

If Mobil had not changed its accounting method, it would have been required to restore to 1994 income the $250 million after-tax LCM charge taken in 1993 as local currency crude oil and product prices rose above year-end 1993 levels.

5. Inventories

Inventories valued at cost under the LIFO method represented about 57% of Mobil's worldwide consolidated inventories, both at December 31, 1994, and at December 31, 1995.

Inventories (In millions)		
At December 31	1994	**1995**
Crude oil and petroleum products	$2,303	**$2,371**
Chemical products	326	**298**
Other, mainly materials and supplies	673	**618**
Total	$3,302	**$3,287**

At December 31, 1994, the worldwide excess of market over book value of inventories valued under the LIFO method was $1,174 million. At December 31, 1995, the worldwide excess of market over book value of inventories valued under the LIFO method was $1,188 million ($1,002 million—U.S.; $105 million—Europe; $45 million—Asia-Pacific; and $36 million—Other Areas).

6. Properties, Plants and Equipment

Properties, plants and equipment are stated at cost, less accumulated depreciation, depletion and amortization of $28,285 million at December 31, 1994, and $26,869 million at December 31, 1995.

Properties, plants and equipment (In millions)	1994		**1995**	
At December 31	Net	Gross	**Net**	**Gross**
Petroleum Operations				
Exploration & Producing	$11,506	$29,632	**$11,452**	**$27,612**
Marketing	4,809	7,275	**4,904**	**7,496**
Refining	5,183	9,397	**5,179**	**10,002**
Other Marketing & Refining Activities	1,308	2,845	**1,244**	**2,843**
Chemical	1,921	3,514	**1,530**	**2,886**
Corporate and Other	776	1,125	**541**	**880**
Total	$25,503	$53,788	**$24,850**	**$51,719**

In fourth quarter 1995, Mobil adopted FAS 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, resulting in a before-tax, $774 million noncash charge to "Depreciation, depletion and amortization" on the Consolidated Statement of Income ($487 million after tax). The charge relates to impairment of upstream producing properties, primarily in the U.S. and Canada.

FAS 121 requires that long-lived assets with book values that cannot be recovered by estimated undiscounted future cash flows be written down to fair value. The fair value of the impaired assets was determined by calculating the net present value of future cash flows. Previously, the Company's policy was to write down to breakeven significant properties determined to be permanently impaired.

Notes to Financial Statements

7. Leases

Mobil leases real estate, service stations, pipelines, tankers and other equipment through noncancelable capital and operating leases.

Rental expense (In millions)

Year ended December 31	1993	1994	**1995**
Minimum rentals	$ 1,035	$ 1,121	**$ 1,195**
Contingent rentals	95	71	**97**
Total	1,130	1,192	**1,292**
Less: sublease rental income	111	172	**187**
Net rental expense	$ 1,019	$ 1,020	**$ 1,105**

Contingent lease rentals for operating and capital leases are determined generally by volumetric measurement or sales revenue. Some rental agreements contain escalation provisions that may require higher, future rent payments. Mobil does not expect that such rent increases, if any, will have a material effect on future earnings.

Future minimum lease payments under noncancelable leases (In millions)

At December 31, 1995	Operating Leases	Capital Lease Obligations
1996	$ 324	$ 52
1997	246	62
1998	201	64
1999	150	66
2000	112	10
Later years	941	135
Future minimum lease payments	$ 1,974	$ 389
Less: executory costs		1
interest		114
Total capital lease obligations		$ 274
Less: short-term portion of capital lease obligations		35
Long-term portion of capital lease obligations		$ 239

Future minimum lease payments have not been reduced by future minimum sublease rentals of $106 million under operating leases. Capital leases included in Net Properties, Plants and Equipment were $222 million at December 31, 1994, and $312 million at December 31, 1995.

8. Short-term Debt

At December 31, 1995, Mobil had $500 million of unused short-term lines of credit supporting commercial paper borrowing arrangements. A total of $297 million of the unused short-term lines is subject to annual commitment fees. Interest on borrowings under these lines is based on the London Interbank Offered Rate, the Domestic Certificate of Deposit Rate or a specified prime rate, as selected from time to time by Mobil.

Short-term debt (In millions)	1994		**1995**	
At December 31	Amount	Interest Rate[1]	**Amount**	**Interest Rate[1]**
Notes and loans payable				
Commercial paper	$1,935	6 1/8%	**$ 853**	**6 3/8%**
Banks and Other	657	6 5/8%	**766**	**7 %**
Total notes and loans payable	2,592		**1,619**	
Long-term debt maturing within one year	421		**508**	
Total short-term debt	$3,013		**$2,127**	

(1) Percentages shown in the table are weighted average interest rates at the end of the year.

Notes to Financial Statements

Our Debt-to-capitalization Ratio of 27% provides financial flexibility to increase investment spending, including potential acquisitions.

9. Long-term Debt

The table below summarizes Mobil's consolidated Long-term Debt. A significant portion of this debt is issued by subsidiaries and is guaranteed by Mobil.

At year-end 1995, Mobil had shelf registrations on file with the SEC that would permit the offer and sale of $1,815 million of debt securities. Additionally, at December 31, 1995, the ESOP Trust had a shelf registration on file with the SEC permitting the offer and sale of $230 million of debt securities, guaranteed by Mobil. The proceeds of any debt securities issued by the ESOP Trust are used to refund its existing indebtedness. Also at year-end 1995, shelf registrations allowing the issuance of U.S. $811 million of Euro-Medium-Term Notes and bonds having a principal amount of 30 billion Japanese yen were in place.

Long-term debt (In millions)

At December 31	1994	1995
6 ½% notes due 1996	$ 164	**$ 148**[1]
6 ½% notes due 1997	151	**148**[1]
6 ¾% notes due 1995	200	—
7 ¼% notes due 1999	185	**172**[1]
7 ⅝% debentures due 2033	250	**250**
8% debentures due 2032	250	**250**
8 ⅛% Canadian dollar Eurobonds due 1998 (swapped into 6.8% U.S. $ debt)	111	**111**
8 ⅜% notes due 2001	200	**200**
8 ⅝% debentures due 2021	250	**250**
9% Canadian dollar Eurobonds due 1997 (swapped into 7.0% U.S. $ debt)	110	**110**
9% European Currency Unit Eurobonds due 1997 (swapped into 7.0% U.S. $ debt)	148	**148**
9 ⅝% U.K. sterling Eurobonds due 1999	173	**170**
Variable rate notes due 1999 (6.4%)[2]	127	**107**
Japanese yen loans due 2003-2005 (3.4%)[2]	281	**438**
ESOP Trust debentures/notes due 2000-2004 (9.0%)[2]	628	**578**
Variable rate project financing due 1998 (6.9%)[2]	209	**157**
Industrial revenue bonds due 1998-2030 (5.6%)[2]	273	**390**
Other foreign currencies due 1996-2030 (7.7%)[2]	930	**1,087**
Other due 1997-2008 (6.6%)[2]	293	**149**
Capital lease obligations	202	**274**
Total	5,135	**5,137**
Less: long-term debt maturing within one year	421	**508**
Total long-term debt	$4,714	**$4,629**

(1) Net of repurchases.

(2) The percentages shown in parentheses in the table are weighted average interest rates at December 31, 1995.

Long-term debt that becomes due during the next five years is: 1996-$508 million; 1997-$886 million; 1998-$550 million; 1999-$855 million; and 2000-$232 million.

10. Financial Instruments and Risk Management

Mobil uses derivative financial instruments to manage market risks resulting from fluctuations in underlying interest rates, foreign exchange rates, and crude oil and natural gas prices. Because Mobil operates internationally and finances large capital projects, it has exposure to these risks, which can increase the costs of investing, financing and operating. Derivative instruments are effective in minimizing these risks by creating essentially equal and offsetting market exposures. The derivative financial instruments held by Mobil are not leveraged and are principally held for purposes other than trading. If Mobil did not use derivative instruments, its exposure to market risk would be higher.

In addition to creating market risks that offset the risks associated with the underlying business exposures, derivative instruments also give rise to credit risk due to possible nonperformance by counter-parties. However, through its ongoing control procedures, Mobil closely monitors the creditworthiness of its counter-parties and considers its exposure to this risk to be minimal.

Debt-related Derivative Instruments–Mobil has entered into interest rate swaps, cross currency interest rate swaps, futures and forward exchange contracts. These financial instruments have the effect of changing the interest rate and currency of the original borrowings with the objective of minimizing Mobil's borrowing costs. Most of these instruments are integrated as part of structured debt transactions, are entered into at the time of the borrowings, and have the same maturity as the underlying debt. The notional principal amounts of these derivative instruments were $3,608 million and $5,797 million at December 31, 1994 and 1995, respectively. These activities resulted in a substantial portion of the fixed interest rate debt being swapped into floating interest rate debt as of December 31, 1995.

Interest differentials paid or received under interest rate swaps and cross currency interest rate swaps are recognized over the life of the contracts as adjustments to the effective yields of the underlying debt. Futures and foreign exchange contracts are valued at current rates. Gains and losses on contracts related to debt principal and current interest are recorded in income. Gains and losses related to future period interest are deferred and recognized in income in the period to which they relate.

The fair value of Mobil's debt portfolio, including the fair value of debt-related derivative instruments, was less than its carrying value by $69 million and greater than its carrying value by $139 million at December 31, 1994 and 1995, respectively. This change was due to the decline in long-term interest rates in 1995.

Nondebt-related Instruments–Mobil has entered into forward exchange contracts and currency options primarily to hedge payables for purchases by foreign affiliates of crude oil and petroleum products denominated in U.S. dollars. These currency financial instruments are also used to hedge firm commitments for capital projects and the cash from net investments in foreign affiliates to be remitted within the upcoming year. Changes in the value of these financial instruments offset the foreign exchange gains and losses of the transactions they are hedging. The notional principal amounts of these nondebt-related currency instruments were $6,950 million and $8,969 million at December 31, 1994 and 1995, respectively, and substantially all of them have maturities of less than one year. The fair value of financial instruments other than debt generally approximates carrying value.

Mobil has also entered into commodity derivative financial instruments that can only be settled in cash. The notional amounts outstanding for these contracts were $1,294 million and $1,653 million at December 31, 1994 and 1995, respectively. Fair value approximates carrying value.

Risk Based Measurements–In its risk management activities, Mobil measures its value at risk using simulation techniques that project probability of expected changes in values from market movements on financial exposures that vary from management's defined benchmarks. These benchmarks are standards that have been established by management and represent the risk profile of the environment in which Mobil operates and the assets that are being financed. Value at risk is defined as the maximum potential gain or loss from a one-day market movement in interest and currency rates that would cover 99.7% of all such movements measured against the benchmarks. At December 31,1994 and 1995, the value at risk in Mobil's debt and currency portfolio, as measured against these defined benchmarks, was $6 million and $5 million, respectively.

Notes to Financial Statements

11. Taxes

Total taxes (in millions)	1993			1994			**1995**		
Year ended December 31	U.S.	Foreign	Total	U.S.	Foreign	Total	**U.S.**	**Foreign**	**Total**
Excise and state gasoline	$2,963	$ 3,935	$ 6,898	$3,669	$ 4,093	$ 7,762	**$3,972**	**$ 4,674**	**$ 8,646**
Import duties	—	7,897	7,897	—	9,067	9,067	**—**	**9,657**	**9,657**
Property, production, payroll and other	464	238	702	442	241	683	**427**	**289**	**716**
Total other than income taxes	3,427	12,070	15,497	4,111	13,401	17,512	**4,399**	**14,620**	**19,019**
Income taxes[1]									
U.S. state and local	67	—	67	63	—	63	**113**	**—**	**113**
U.S. federal and foreign									
-current	75	2,049	2,124	125	1,941	2,066	**336**	**1,799**	**2,135**
-deferred	(123)	(137)	(260)	(184)	(26)	(210)	**(140)**	**(93)**	**(233)**
Total income taxes	19	1,912	1,931	4	1,915	1,919	**309**	**1,706**	**2,015**
Total taxes	$3,446	$13,982	$17,428	$4,115	$15,316	$19,431	**$4,708**	**$16,326**	**$21,034**

[1] Excludes tax benefits of $358 million related to the cumulative effect of change in accounting principle in 1994.

Income from U.S. operations before income taxes was $770 million in 1993, $481 million in 1994 and $1,261 million in 1995. Income from foreign operations before income taxes for the same three years was $3,835 million, $3,697 million and $3,594 million, respectively. The loss from Corporate and Other and Net Financing Expense before income taxes for the same three years was $590 million, $500 million and $464 million, respectively.

Deferred income taxes are provided for the temporary differences between the financial statement and tax bases of Mobil's assets and liabilities, and relate primarily to depreciation, intangible drilling costs, and provisions for restoration, removal and environmental costs, and employee benefits. Mobil does not provide deferred taxes for amounts that could result from the remittance of undistributed earnings of foreign affiliates since it is generally Mobil's intention to continue reinvesting these earnings indefinitely. Mobil's share of the undistributed earnings of consolidated subsidiaries and equity method affiliates, which could be subject to additional income taxes if remitted, was approximately $3.0 billion at December 31, 1995. If such dividends were to be remitted, foreign tax credits available under present law would reduce the amount of U.S. taxes payable.

Deferred taxes (In millions)		
At December 31	1994	**1995**
Deferred tax liabilities		
Depreciation and amortization	$3,961	**$3,898**
Other	640	**639**
Total deferred tax liabilities	4,601	**4,537**
Deferred tax assets		
Book reserves	1,284	**1,485**
Tax credits available for carry-forward (primarily without expiration)	1,005	**839**
Total deferred tax assets	2,289	**2,324**
Valuation allowance	(379)	**(311)**
Net deferred tax liabilities	$2,691	**$2,524**

11. Taxes (concluded)

Reconciliation of U.S. statutory rate to actual tax rate (In millions)	1993		1994		1995	
Year ended December 31	Amount	%	Amount	%	**Amount**	**%**
Income before taxes and change in accounting principle	$4,015	100.0	$3,678	100.0	**$4,391**	**100.0**
Theoretical tax at U.S. rate	1,405	35.0	1,287	35.0	**1,537**	**35.0**
Foreign taxes in excess of U.S. statutory rate	685	17.1	661	18.0	**611**	**13.9**
Other items, net	(159)	(4.0)	(29)	(0.8)	**(133)**	**(3.0)**
Total income taxes	$1,931	48.1	$1,919	52.2	**$2,015**	**45.9**

12. Summary Financial Information of Unconsolidated Equity Affiliates

Summary financial information for affiliated companies (owned 50% or less) accounted for on the equity method is shown in the table below. Mobil's investment in these companies is included in Investments and Long-term Receivables. The equity affiliates are primarily engaged in producing, refining and marketing in Germany, the Middle East, Japan and elsewhere in the Asia-Pacific region, and petrochemical and lube manufacturing in the Middle East. Also included are interests in several pipeline ventures.

The 1993 combined net income of equity method affiliates shown in the table below is after deducting a $250 million charge ($500 million pre-tax), in the Mobil share column, for the excess of local currency LIFO inventory values over market value at December 31, 1993.

Undistributed earnings of the equity affiliates included in Earnings Retained in the Business were $735 million at December 31, 1995. Dividends received from these companies were $276 million in 1993, $203 million in 1994 and $346 million in 1995.

Accounts and Notes Receivable in the Consolidated Balance Sheet include $171 million and $227 million at December 31, 1994 and 1995, respectively, of amounts due from equity affiliates. Accounts Payable include $459 million and $531 million at December 31, 1994 and 1995, respectively, of amounts due to equity affiliates.

Equity method affiliates (In millions)	1993		1994		1995	
	Total	Mobil Share	Total	Mobil Share	**Total**	**Mobil Share**
Current assets	$ 9,565	$ 2,954	$ 8,559	$ 2,639	**$ 8,345**	**$ 2,678**
Noncurrent assets	9,449	3,121	11,366	3,637	**12,220**	**3,735**
Current liabilities	(7,437)	(2,373)	(7,865)	(2,493)	**(8,027)**	**(2,643)**
Long-term debt	(2,179)	(791)	(2,271)	(822)	**(2,520)**	**(758)**
Other liabilities	(1,909)	(518)	(2,101)	(576)	**(2,122)**	**(595)**
Net assets	$ 7,489	$ 2,393	$ 7,688	$ 2,385	**$ 7,896**	**$ 2,417**
Gross revenues	$ 25,766	$ 8,125	$ 27,600	$ 8,696	**$ 31,324**	**$ 9,835**
Income before taxes	$ 1,370	$ (105)	$ 1,175	$ 349	**$ 1,360**	**$ 466**
Net income	857	11	578	187(1)	**1,088**	**397**
Capital expenditures	$ 824	$ 238	$ 1,711	$ 421	**$ 1,650**	**$ 337**

(1) Includes $56 million charge related to the LCM change in accounting principle (see Note 4 on page 38).

13. Employee Benefits

Employee benefits that Mobil provides in the U.S. are contributory and noncontributory medical and dental plans, pension plans, group life insurance, savings plans, an employee stock ownership plan, disability plans for sickness and accidents, and termination plans. Mobil's international affiliates also provide various pension and other employee benefit plans. Mobil makes contributions to funded plans and provides book reserves for unfunded plans.

Mobil also provides certain postretirement health care and life insurance benefits for most U.S. retirees, if they are working for the company when they become eligible for retirement. Premium costs are shared on a plan-by-plan basis between Mobil and the participants. Postretirement health care benefits are provided both before and after eligibility for Medicare. The life insurance plans provide for a single lump sum payment to a designated beneficiary. The amount of the lump sum payment varies depending on employment date, age and years since retirement. There is no material obligation for Mobil to provide postretirement benefits for international retirees because they are covered primarily by local government programs.

The U.S. charge to Mobil's income for postretirement health care and life insurance plans was $70 million in 1993, $67 million in 1994 and $60 million in 1995.

The components of Mobil's net postretirement benefit expense for U.S. plans and the status of Mobil's U.S. postretirement benefit plans and the amounts recognized in the Consolidated Balance Sheet are detailed below:

Postretirement benefit expense, excluding pensions (In millions)	Health Care			Life Insurance		
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**
Benefits earned by employees during the year	$ 10	$ 11	**$ 8**	$ 2	$ 2	**$ 1**
Interest cost on accumulated postretirement benefit obligation	33	29	**28**	27	27	**28**
Actual (earnings) on assets	—	—	**—**	(2)	(1)	**—**
Amortization of unrecognized amounts	—	(1)	**(5)**	—	—	**—**
Net postretirement benefit expense	$ 43	$ 39	**$ 31**	$ 27	$ 28	**$ 29**

Status of postretirement benefit plans (In millions)	Health Care		Life Insurance	
At December 31	1994	**1995**	1994	**1995**
Actuarial present value of accumulated postretirement benefit obligation				
Retirees	$206	**$242**	$280	**$312**
Other fully eligible plan participants	47	**52**	45	**53**
Other active plan participants	88	**113**	19	**24**
Accumulated postretirement benefit obligation	$341	**$407**	$344	**$389**
Book reserves	$445	**$443**	$343	**$353**
Book reserves greater (less) than accumulated postretirement benefit obligation	$104	**$ 36**	$ (1)	**$(36)**
Consisting of:				
Unrecognized net gain (loss)	$ 93	**$ 25**	$ (1)	**$(36)**
Unrecognized prior service costs	11	**11**	—	**—**

At December 31, 1995, the health care cost trend used to calculate the accumulated postretirement benefit obligations is 9.7% for 1996 and is assumed to decrease gradually over 9 years to 5.5%. At December 31, 1994, the health care cost trend rate was assumed to be 10.3% for 1995, declining gradually to 5.5% after 10 years. A 1% increase in the assumed health care cost trend rate for each year would increase the 1995 net postretirement benefit expense and the accumulated postretirement benefit obligation as of December 31, 1995, by approximately $4 million and $42 million, respectively.

The discount rate used in determining the postretirement benefit obligation was 7.0% in 1995 and 8.5% in 1994.

13. Employee Benefits (concluded)

The majority of full-time U.S. employees are covered by funded noncontributory pension plans. These plans are primarily final average pay plans. Mobil's funding for these plans is based on the projected unit credit actuarial cost method.

Mobil's international employees are covered by pension and similar plans. Coverage and benefits vary from country to country. Mobil's funding policy also varies, in line with local commercial, actuarial and taxation practices.

The worldwide charge to Mobil's income for pension plans was $202 million in 1993, $214 million in 1994 and $192 million in 1995.

The components of net pension expense for Mobil's plans and the status of Mobil's pension plans and the amounts recognized in the Consolidated Balance Sheet are detailed below:

Pension Plan Assets and Book Reserves exceeded Accumulated Benefit Obligations by $1,068 million at the end of 1995.

Pension expense (In millions)		U.S. Plans			International Plans	
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**
Benefits earned by employees during the year	$ 98	$ 107	**$ 76**	$ 83	$ 91	**$ 85**
Interest cost on projected benefit obligation	201	194	**190**	115	117	**125**
Actual (earnings) loss on assets	(379)	(4)	**(638)**	(159)	30	**(143)**
Deferral of actual earnings on assets greater (less) than expected returns	151	(224)	**418**	89	(103)	**68**
Net amortization of unrecognized amounts	(14)	(12)	**(10)**	17	18	**21**
Net pension expense	$ 57	$ 61	**$ 36**	$ 145	$ 153	**$ 156**

Status of pension plans (In millions)	U.S. Plans		International Plans	
At December 31	1994	**1995**	1994	**1995**
Actuarial present value of benefit obligations				
Vested	$1,818	**$2,169**	$1,398	**$1,602**
Nonvested	137	**173**	136	**126**
Accumulated benefit obligation	1,955	**2,342**	1,534	**1,728**
Additional amounts related to projected pay increases	410	**498**	428	**418**
Projected benefit obligation	$2,365	**$2,840**	$1,962	**$2,146**
Assets and book reserves				
Plan assets at fair value, primarily in equity and fixed income securities	$2,590	**$2,919**	$ 960	**$1,044**
Book reserves	92	**132**	901	**1,043**
Total assets and book reserves	$2,682	**$3,051**	$1,861	**$2,087**
Assets and book reserves greater (less) than projected benefit obligation	$ 317	**$ 211**	$ (101)	**$ (59)**
Consisting of:				
Unrecognized net asset (liability) at date of initial application of FAS 87	$ 211	**$ 181**	$ (68)	**$ (52)**
Unrecognized prior service cost	(191)	**(164)**	(56)	**(66)**
Unrecognized net gain (loss)	209	**57**	(202)	**(169)**
Minimum liability and prefunded expenses	88	**137**	225	**228**
Assets and book reserves greater (less) than projected benefit obligation	$ 317	**$ 211**	$ (101)	**$ (59)**
Weighted average rates used in determining the actuarial present value of the projected benefit obligation (percent)				
Discount rate	8.5	**7.0**	7.5	**7.3**
Rate of increase in future compensation levels	4.0	**4.0**	5.6	**5.3**
Expected long-term rate of return on plan assets used in determining current year expense (percent)	8.5	**9.0**	8.2	**8.7**
Memo: assets and book reserves greater than accumulated benefit obligation	$ 727	**$ 709**	$ 327	**$ 359**

14. Stock Option Plans

Under the 1995 Mobil Incentive Compensation and Stock Ownership Plan approved by shareholders, options may be granted to key employees to purchase annually a maximum of 0.9% of the total common shares outstanding at the end of the year preceding each year of its five-year life (less the number of shares of restricted stock granted and the number of equivalent share units allotted as long-term incentive awards under the Plan), cumulative from the effective date of the Plan. No additional options may be granted under earlier plans. Stock options have a maximum life of 10 years, are granted at 100% of the fair market value of Mobil common stock at the time of the award, and may be exercised to purchase stock after vesting requirements have been met. Stock appreciation rights, where applicable, permit the holder to receive stock, cash or a combination thereof equal to the amount by which the fair market value at the time of relinquishment of the option exceeds the option price.

Based on the December 31, 1994, number of shares outstanding, there were 3,563,883 shares or share units available for option grants and other awards referred to above in 1995. Based on the December 31, 1995, number of shares outstanding, there were 4,341,973 shares or share units available for option grants and other awards referred to above in 1996.

Stock option transactions	1981 Plan	1986 Plan	1991 Plan	1995 Plan
January 1, 1995-shares under option	129,270	4,476,966	8,860,356	-0-
Changes during 1995				
Options granted at $87.31	—	—	—	2,677,350
Options granted at $100.63	—	—	—	7,000
Options expired or canceled	(1,550)	—	(26,231)	(12,900)
Options exercised at prices ranging from $28.78 to $87.31	(123,855)	(1,000,891)	(534,270)	(1,220)
SARs[1] exercised at prices ranging from $28.78 to $64.25	(3,865)	(121,749)	(109,444)	—
December 31, 1995-shares under option	—	3,354,326	8,190,411	2,670,230
Years of grant	—	1986-1991	1991-1994	1995
Average option price per share	—	$53.87	$70.46	$87.35
Options exercisable at December 31, 1995	—	3,354,326	6,517,350	184,280
At an average price of	—	$53.87	$66.96	$87.31

(1) Stock appreciation rights.

15. Employee Stock Ownership Plan (ESOP)

Mobil Oil's Employees Savings Plan includes an ESOP covering most U.S. employees. In 1989 the ESOP Trust, supported by Mobil guarantees, borrowed $800 million. The ESOP Trust used the proceeds of the loan to purchase 102,894 shares of Series B ESOP Convertible Preferred Stock from Mobil. Each preferred share has a liquidation value of $7,775, is convertible into 100 shares of common stock and is entitled to 100 votes. Dividends on the preferred stock are cumulative and payable at an annual rate of $600 per share. The ESOP Trust uses the preferred dividends not allocated to employees to make principal and interest payments on the notes. As debt service exceeds the dividends, Mobil is required to fund the excess. In 1993, 1994 and 1995, this excess was $58 million, $29 million and $50 million, respectively.

The guaranteed ESOP borrowing is included in Mobil's debt. The future compensation to be earned by employees is classified in Shareholders' Equity. These amounts are reduced and expense is recognized as the debt is repaid and shares are earned by employees. In 1993, 1994 and 1995, total ESOP-related expenses were $61 million, $32 million and $54 million, respectively.

Interest incurred on ESOP debt in 1993, 1994 and 1995 was $62 million, $58 million and $54 million, respectively.

16. Capital Stock

At December 31, 1995, 600,000,000 shares of $2.00 par value common stock were authorized and 443,905,531 shares were issued, including 49,345,650 shares held in the treasury.

At December 31, 1995, 30,000,000 shares of $1.00 par value preferred stock were authorized, of which 6,000,000 shares of Series A Junior Participating Preferred Stock were authorized for issuance upon exercise of certain preferred stock purchase rights (no shares issued or outstanding) and 102,894 shares of Series B ESOP Convertible Preferred Stock were authorized for issuance. At December 31, 1994 and 1995, respectively, 95,778 and 92,864 shares of Series B ESOP Convertible Preferred Stock were outstanding. During 1994 and 1995, 2,295 and 2,914 of such shares, respectively, were redeemed.

Changes in shares of common stock outstanding

Year ended December 31	1993	1994	**1995**
Common shares outstanding– beginning of year	398,816,293	398,167,941	**395,987,017**
Purchase of common stock for treasury	(1,962,000)	(3,198,000)	**(2,996,350)**
Exercise of stock options and stock appreciation rights	1,313,002	1,014,245	**1,554,945**
Incentive compensation awards and restricted stock	646	2,831	**14,269**
Common shares outstanding– end of year	398,167,941	395,987,017	**394,559,881**

17. Foreign Currency

Foreign exchange transaction losses of $29 million in 1993, and gains of $70 million in 1994 and $8 million in 1995 were included in income. These include amounts applicable to companies accounted for on the equity method.

The effect of foreign currency translation on Mobil's balance sheet accounts is summarized in the following table.

Cumulative foreign exchange translation adjustment (In millions)

At December 31	1993	1994	**1995**
Properties, plants and equipment, net	$(838)	$(273)	**$(124)**
Deferred income taxes	(104)	(199)	**(252)**
Working capital, debt and other items, net	416	349	**349**
Total	$(526)	$(123)	**$ (27)**

18. Restoration, Removal and Environmental Liabilities

Exploration and producing properties must generally be restored to their original condition when the oil or gas reserves are depleted and/or operations cease. At December 31, 1994 and 1995, $790 million and $835 million, respectively, had been accrued for restoration and removal costs, mainly related to offshore producing facilities.

Mobil accrues for its best estimate of the future costs associated with known environmental remediation requirements at its service stations, marketing terminals, refineries and plants, and at certain Superfund sites. At December 31, 1994 and 1995, the accumulated reserve for environmental remediation costs was $551 million and $519 million, respectively. Of these amounts, $150 million and $100 million were included in current accrued liabilities in the Consolidated Balance Sheet. Accrued remediation costs for the company's U.S. service stations reflect amounts recoverable from certain states under existing programs established to assist companies in clean-up efforts. The expected recoverable costs were $68 million and $47 million at December 31, 1994 and 1995, respectively. Amounts accrued with respect to Superfund waste disposal sites, which are not material, are based on the company's best estimate of its portion of the costs of remediating such sites.

Notes to Financial Statements

19. Commitments and Contingent Liabilities

Substantial commitments are made in the normal course of business for the purchase of crude oil and petroleum products, and the acquisition or construction of properties, plants and equipment (including tankers for time charter to Mobil).

Mobil has guaranteed $130 million of the obligations of others, excluding $320 million of certain cross-guarantees, primarily foreign customs duties, made with other responsible companies in the ordinary course of business. In addition, Mobil has guaranteed specified revenues from crude oil, product and carbon dioxide shipments under agreements with pipeline companies in which it holds stock interests. If these companies are unable to meet certain obligations, Mobil may be required to advance funds against future transportation charges. No material loss is anticipated under these guarantees.

Mobil and its subsidiaries are engaged in various litigations and have a number of unresolved claims pending. The amounts claimed are substantial and the ultimate liability in respect of such litigations and claims cannot be determined at this time. Mobil has provided in its accounts for these items based on management's best judgment. Mobil is of the opinion that such liability, to the extent not provided for through insurance or otherwise, is not likely to be of material importance in relation to its accounts.

Reports

Report of Management

The management of Mobil Corporation has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements, which include amounts that are based, in part, on management's best estimates and judgments, were prepared in conformity with generally accepted accounting principles.

Mobil maintains a system of internal accounting controls and a program of internal auditing that we believe provide us with reasonable assurance that Mobil's assets are protected and that published financial statements are reliable and free of material misstatement.

The Audit Committee of the Board of Directors, composed solely of directors who are not officers or employees, meets regularly with Mobil's financial management and counsel, with Mobil's General Auditor, and with the independent auditors. These meetings include discussion of internal accounting controls and the quality of financial reporting. The independent auditors and the General Auditor have free and independent access to the Audit Committee to discuss the results of their audits or any other matters relating to Mobil's financial affairs.

The accompanying consolidated financial statements have been audited by Ernst & Young LLP, independent auditors, whose appointment was approved by the shareholders. Ernst & Young's audit report follows.

Lucio A. Noto

Lucio A. Noto
Chairman and Chief Executive Officer

Thomas C. DeLoach

Thomas C. DeLoach, Jr.
Senior Vice President and Chief Financial Officer

Report of Ernst & Young LLP, Independent Auditors

Board of Directors and Shareholders
Mobil Corporation

We have audited the accompanying consolidated balance sheets of Mobil Corporation as of December 31, 1994 and 1995, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995, appearing on pages 29, 31, and 33 through 48. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mobil Corporation at December 31, 1994 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 6 to the financial statements, in 1995, Mobil Corporation changed its method of accounting for the impairment of long-lived assets. As discussed in Note 4 to the financial statements, in 1994, the Company changed the method of accounting it uses to value its crude oil and product inventories at the lower of cost or market.

Ernst + Young LLP

Fairfax, Virginia
February 23, 1996

Supplementary Information

Oil and Gas Producing Activities (unaudited)

The accompanying tables set forth information concerning Mobil's oil and gas producing activities at December 31, 1993, 1994 and 1995, and for the years then ended, as required by Financial Accounting Standard (FAS) 69, Disclosures about Oil and Gas Producing Activities.

Table 1: Estimated Quantities of Net Proved Oil and Natural Gas Liquids Reserves (Millions of barrels)

	United States			Europe			Asia-Pacific			Other Areas			Total		
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Net proved reserves of fully consolidated companies:															
Beginning of year	1,168	1,116	**1,052**	353	357	**401**	227	204	**175**	1,083	1,132	**1,291**	2,831	2,809	**2,919**
Revisions	(13)	(3)	**(9)**	(4)	5	**(13)**	(4)	6	**(37)**	36	62	**105**	15	70	**46**
Improved recovery	59	49	**32**	56	101	**20**	—	—	**—**	27	130	**21**	142	280	**73**
Purchases	18	2	**11**	—	—	**24**	—	2	**—**	6	5	**2**	24	9	**37**
Sales	(8)	(9)	**(6)**	—	—	**—**	—	—	**—**	(9)	(2)	**(4)**	(17)	(11)	**(10)**
Extensions, discoveries and other additions	3	7	**9**	10	1	**5**	14	—	**—**	72	49	**89**	99	57	**103**
Production	(111)	(110)	**(103)**	(58)	(63)	**(64)**	(33)	(37)	**(35)**	(83)	(85)	**(78)**	(285)	(295)	**(280)**
End of year	1,116	1,052	**986**	357	401	**373**	204	175	**103**	1,132	1,291	**1,426**	2,809	2,919	**2,888**
Net proved reserves of equity companies:(1)															
Beginning of year	—	—	**—**	3	2	**2**	13	8	**7**	525	524	**516**	541	534	**525**
Revisions	—	—	**—**	(1)	—	**—**	(1)	—	**1**	—	—	**(4)**	(2)	—	**(3)**
Sales	—	—	**—**	—	—	**—**	—	—	**(7)**	—	—	**—**	—	—	**(7)**
Extensions, discoveries and other additions	—	—	**—**	—	—	**—**	—	—	**—**	15	8	**32**	15	8	**32**
Production	—	—	**—**	—	—	**—**	(4)	(1)	**(1)**	(16)	(16)	**(15)**	(20)	(17)	**(16)**
End of year	—	—	**—**	2	2	**2**	8	7	**—**	524	516	**529**	534	525	**531**
Total net proved reserves	1,116	1,052	**986**	359	403	**375**	212	182	**103**	1,656	1,807	**1,955**	3,343	3,444	**3,419**
Net proved developed reserves of fully consolidated companies:															
Beginning of year	879	871	**826**	168	196	**215**	218	196	**165**	796	790	**809**	2,061	2,053	**2,015**
End of year	871	826	**816**	196	215	**184**	196	165	**93**	790	809	**910**	2,053	2,015	**2,003**

(1) Represents Mobil's share of net proved reserves of investees accounted for on the equity method.

Mobil's estimated net proved reserves and changes thereto for the years 1993, 1994 and 1995 are presented in Tables 1 and 2. The estimates represent only those volumes considered to be proved reserves and include fields where additional investment may be required to recover these reserves.

Definitions used in developing these data are in accordance with the SEC guidelines, which state: "Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, i.e., prices and costs as of the date the estimate is made." Proved developed reserves are recoverable from existing wells with existing equipment and operating methods. These reserve estimates are subject to revisions over time as more information becomes available. In the past, some revisions have been significant. The company's net proved reserves exclude royalties and interests owned by others, and natural gas liquids volumes received under natural gas processing contracts.

Oil and Gas Producing Activities (unaudited) (continued)

Table 2: Estimated Quantities of Net Proved Natural Gas Reserves (Billions of cubic feet)

	United States			Europe			Asia-Pacific			Other Areas			Total		
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Net proved reserves of fully consolidated companies:															
Beginning of year	5,971	5,372	**5,055**	3,508	4,021	**4,251**	6,400	6,058	**5,607**	1,824	1,508	**1,744**	17,703	16,959	**16,657**
Revisions	(33)	164	**317**	377	234	**110**	22	51	**(198)**	(24)	9	**50**	342	458	**279**
Improved recovery	11	30	**51**	56	—	**18**	—	—	**—**	43	5	**61**	110	35	**130**
Purchases	27	8	**42**	—	20	**15**	—	34	**—**	13	32	**1**	40	94	**58**
Sales	(119)	(64)	**(52)**	—	—	**(42)**	—	—	**—**	(169)	(51)	**(19)**	(288)	(115)	**(113)**
Extensions, discoveries and other additions	73	117	**173**	403	322	**237**	241	71	**54**	—	410	**105**	717	920	**569**
Production	(558)	(572)	**(525)**	(323)	(346)	**(401)**	(605)	(607)	**(567)**	(179)	(169)	**(158)**	(1,665)	(1,694)	**(1,651)**
End of year	5,372	5,055	**5,061**	4,021	4,251	**4,188**	6,058	5,607	**4,896**	1,508	1,744	**1,784**	16,959	16,657	**15,929**
Net proved reserves of equity companies:[1]															
Beginning of year	—	—	**—**	33	33	**33**	70	97	**94**	—	594	**891**	103	724	**1,018**
Revisions	—	—	**—**	3	2	**4**	38	4	**—**	—	—	**—**	41	6	**4**
Sales	—	—	**—**	—	—	**—**	—	—	**(88)**	—	—	**—**	—	—	**(88)**
Extensions, discoveries and other additions	—	—	**—**	2	2	**2**	—	—	**—**	594	297	**1,114**	596	299	**1,116**
Production	—	—	**—**	(5)	(4)	**(5)**	(11)	(7)	**(6)**	—	—	**—**	(16)	(11)	**(11)**
End of year	—	—	**—**	33	33	**34**	97	94	**—**	594	891	**2,005**	724	1,018	**2,039**
Total net proved reserves	5,372	5,055	**5,061**	4,054	4,284	**4,222**	6,155	5,701	**4,896**	2,102	2,635	**3,789**	17,683	17,675	**17,968**
Net proved developed reserves of fully consolidated companies:															
Beginning of year	4,530	4,158	**3,902**	2,536	2,932	**3,081**	4,953	4,325	**3,810**	1,491	1,307	**1,223**	13,510	12,722	**12,016**
End of year	4,158	3,902	**3,923**	2,932	3,081	**3,094**	4,325	3,810	**3,018**	1,307	1,223	**1,212**	12,722	12,016	**11,247**

[1] Represents Mobil's share of net proved reserves of investees accounted for on the equity method.

Table 3: Capitalized Costs Related to Oil and Gas Producing Activities (In millions)

	United States			Europe			Asia-Pacific			Other Areas			Total		
At December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Capitalized costs:															
Unproved properties	$ 134	$ 54	**$ 12**	$ 16	$ 11	**$ 11**	$ 11	$ 14	**$ 13**	$ 115	$ 108	**$ 137**	$ 276	$ 187	**$ 173**
Proved properties, wells, plants and other equipment	16,441	15,988	**13,638**	6,051	6,929	**7,119**	1,839	2,098	**2,149**	4,218	4,430	**4,533**	28,549	29,445	**27,439**
Total capitalized costs	16,575	16,042	**13,650**	6,067	6,940	**7,130**	1,850	2,112	**2,162**	4,333	4,538	**4,670**	28,825	29,632	**27,612**
Accumulated depreciation, depletion and amortization	10,793	10,833	**8,981**	3,319	3,993	**4,123**	1,054	1,274	**1,457**	1,900	2,026	**1,599**	17,066	18,126	**16,160**
Net capitalized costs	5,782	5,209	**4,669**	2,748	2,947	**3,007**	796	838	**705**	2,433	2,512	**3,071**	11,759	11,506	**11,452**
Net capitalized costs of equity companies[1]	—	—	**—**	21	28	**37**	33	30	**1**	86	168	**269**	140	226	**307**
Total	$ 5,782	$ 5,209	**$ 4,669**	$2,769	$2,975	**$3,044**	$ 829	$ 868	**$ 706**	$2,519	$2,680	**$3,340**	$11,899	$11,732	**$11,759**

[1] Represents Mobil's share of net capitalized costs of investees accounted for on the equity method.

Table 3 summarizes the aggregate amount of capitalized costs related to oil and gas producing activities and related accumulated depreciation, depletion and amortization at December 31, 1993, 1994 and 1995. Capitalized costs include: (1) mineral interests in properties; (2) wells, plants and related equipment and facilities; and (3) support equipment and facilities used in oil and gas producing activities.

Supplementary Information

Oil and Gas Producing Activities (unaudited) (continued)

Table 4: Costs Incurred in Oil and Gas Property Acquisition, Exploration and Development Activities (In millions)

	United States			Europe			Asia-Pacific			Other Areas			Total		
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Property acquisition costs:															
Unproved properties	$ 4	$ 17	**$ 28**	$ 1	$ —	**$ —**	$ —	$ 3	**$ —**	$ 21	$ 12	**$ 34**	$ 26	$ 32	**$ 62**
Proved properties	9	8	**9**	3	10	**4**	—	4	**—**	9	—	**16**	21	22	**29**
Total acquisition costs	13	25	**37**	4	10	**4**	—	7	**—**	30	12	**50**	47	54	**91**
Exploration costs	124	199	**183**	221	174	**177**	53	87	**72**	96	188	**193**	494	648	**625**
Development costs	331	365	**593**	399	319	**421**	255	265	**78**	401	474	**833**	1,386	1,423	**1,925**
Total expenditures	468	589	**813**	624	503	**602**	308	359	**150**	527	674	**1,076**	1,927	2,125	**2,641**
Property acquisition, exploration and development costs of equity companies[1]	—	—	**—**	9	12	**11**	12	2	**8**	48	84	**57**	69	98	**76**
Total	$468	$589	**$813**	$633	$515	**$613**	$320	$361	**$158**	$575	$758	**$1,133**	$1,996	$2,223	**$2,717**

[1] Represents Mobil's share of property acquisition, exploration and development costs of investees accounted for on the equity method.

The table above sets forth certain costs incurred, both capitalized and expensed, in oil and gas producing activities. Property acquisition costs represent costs incurred to purchase or lease oil and gas properties. Exploration costs include costs of geological and geophysical activities and drilling of exploratory wells. Expenditures to drill and equip development wells and construct production facilities to extract, treat and store oil and gas are included in development costs. Exploration and development costs also include depreciation of support equipment and facilities used in these activities rather than the acquisition costs for support equipment.

Table 5: Results of Operations for Oil and Gas Producing Activities (In millions)

	United States			Europe			Asia-Pacific			Other Areas			Total		
Year ended December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Results of Operations															
Revenues:															
Trade sales	$1,054	$ 890	**$ 678**	$1,089	$1,486	**$1,357**	$1,448	$1,367	**$1,429**	$ 535	$ 494	**$ 411**	$4,126	$4,237	**$3,875**
Intercompany sales	1,421	1,331	**1,330**	850	456	**815**	241	350	**339**	1,082	1,003	**1,022**	3,594	3,140	**3,506**
Total revenues[1]	2,475	2,221	**2,008**	1,939	1,942	**2,172**	1,689	1,717	**1,768**	1,617	1,497	**1,433**	7,720	7,377	**7,381**
Production (lifting) costs	(976)	(946)	**(982)**	(679)	(660)	**(719)**	(243)	(261)	**(239)**	(567)	(507)	**(619)**	(2,465)	(2,374)	**(2,559)**
Exploration expenses	(65)	(115)	**(72)**	(192)	(145)	**(128)**	(51)	(104)	**(77)**	(97)	(152)	**(150)**	(405)	(516)	**(427)**
Depreciation, depletion and amortization	(844)	(949)	**(1,161)**	(369)	(428)	**(466)**	(176)	(230)	**(205)**	(237)	(300)	**(398)**	(1,626)	(1,907)	**(2,230)**
Other operating revenues and (expenses)	(43)	(31)	**32**	60	66	**123**	7	(6)	**(8)**	173	110	**77**	197	139	**224**
Income tax expense	(184)	(55)	**68**	(369)	(459)	**(551)**	(720)	(667)	**(717)**	(527)	(480)	**(365)**	(1,800)	(1,661)	**(1,565)**
Results of operations for producing activities	363	125	**(107)**	390	316	**431**	506	449	**522**	362	168	**(22)**	1,621	1,058	**824**
Results of operations for producing activities of equity companies[2]	—	—	**—**	1	2	**3**	14	1	**4**	16	15	**14**	31	18	**21**
Total	$ 363	$ 125	**$ (107)**	$ 391	$ 318	**$ 434**	$ 520	$ 450	**$ 526**	$ 378	$ 183	**$ (8)**	$1,652	$1,076	**$ 845**

[1] Revenues in this table will not agree with Exploration & Producing Segment Revenues (pages 20 and 34) because revenues from operations that are ancillary to oil and gas producing activities have been classified as Other Operating Revenues and Expenses for this presentation.

[2] Represents Mobil's share of results of operations for producing activities of investees accounted for on the equity method.

Mobil's results of operations for producing activities for the years ended December 31, 1993, 1994 and 1995 are shown above. Revenues include sales to unaffiliated parties and sales or transfers (essentially at third-party sales prices) to Mobil's other operations. All revenues reported in this table are net of royalty interests of others. Production (lifting) costs and exploration expenses are determined as defined by accounting standards.

Supplementary Information

Oil and Gas Producing Activities (unaudited) (concluded)

FAS 69 requires disclosure with respect to future net cash flows from future production of net proved, developed and undeveloped reserves. Future cash inflows are computed by applying year-end prices to estimated future production of net proved reserves. Future price changes are considered only to the extent they are covered by contractual agreements in existence at year-end. Development and production costs are based on year-end estimated future expenditures incurred in developing and producing net proved reserves, assuming continuation of existing economic conditions. Future income taxes are calculated using year-end statutory tax rates. Discounted future net cash flows are computed using a discount factor of 10%.

The standardized measure data are not intended to replace the historical cost-based financial data included in the audited financial statements. As such, many of the data disclosed in this section represent estimates, assumptions and computations that are subject to continual change as the future unfolds. For example, significant changes in year-end prices from 1994 to 1995 contributed to the higher discounted future net cash flow amount for 1995. Accordingly, Mobil cautions investors and analysts that the data are of questionable utility for decision making.

Tables 6 and 7 below set forth the standardized measure of discounted future net cash flows relating to proved oil and gas reserves, and quantify the causes of the changes in the standardized measure of the cash flows relating to those reserves. Since the estimates reflect proved reserves only, they exclude revenues that could result from unproved reserves that could become productive in later years.

Table 6: Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Oil and Gas Reserves (In millions)

	United States			Europe			Asia-Pacific			Other Areas			Total		
At December 31	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**	1993	1994	**1995**
Future cash inflows	$ 23,067	$ 22,051	**$23,763**	$14,211	$16,415	**$16,064**	$12,559	$13,409	**$11,565**	$17,160	$20,206	**$24,543**	$ 66,997	$ 72,081	**$75,935**
Future production costs	(10,386)	(9,329)	**(9,312)**	(4,893)	(5,214)	**(4,822)**	(3,538)	(2,959)	**(2,026)**	(6,258)	(7,315)	**(8,589)**	(25,075)	(24,817)	**(24,749)**
Future development costs	(1,887)	(1,775)	**(1,644)**	(976)	(1,131)	**(1,203)**	(1,465)	(754)	**(764)**	(809)	(1,414)	**(1,866)**	(5,137)	(5,074)	**(5,477)**
Future income tax expenses	(3,019)	(3,120)	**(3,928)**	(3,769)	(4,883)	**(5,156)**	(3,602)	(4,541)	**(3,951)**	(6,120)	(7,299)	**(9,344)**	(16,510)	(19,843)	**(22,379)**
Future net cash flows	7,775	7,827	**8,879**	4,573	5,187	**4,883**	3,954	5,155	**4,824**	3,973	4,178	**4,744**	20,275	22,347	**23,330**
10% annual discount for estimated timing of cash flows	(3,276)	(3,266)	**(3,928)**	(1,558)	(1,732)	**(1,534)**	(1,782)	(2,367)	**(2,017)**	(1,718)	(2,087)	**(2,252)**	(8,334)	(9,452)	**(9,731)**
Standardized measure of discounted future net cash flows	4,499	4,561	**4,951**	3,015	3,455	**3,349**	2,172	2,788	**2,807**	2,255	2,091	**2,492**	11,941	12,895	**13,599**
Standardized measure of discounted future net cash flows of equity companies[(1)]	—	—	**—**	15	21	**23**	26	21	**—**	232	434	**460**	273	476	**483**
Total	$ 4,499	$ 4,561	**$ 4,951**	$ 3,030	$ 3,476	**$ 3,372**	$ 2,198	$ 2,809	**$ 2,807**	$ 2,487	$ 2,525	**$ 2,952**	$ 12,214	$ 13,371	**$14,082**

(1) Represents Mobil's share of standardized measure of discounted future net cash flows of investees accounted for on the equity method.

Table 7: Changes in Standardized Measure of Discounted Future Net Cash Flows (In millions)

Year ended December 31	1993	1994	**1995**
Beginning of year	$14,419	$12,214	**$13,371**
Changes resulting from:			
Sales and transfers of production, net of production costs	(5,255)	(5,003)	**(4,822)**
Net changes in prices and in development and production costs	(7,217)	559	**862**
Extensions, discoveries, additions and purchases, less related costs	993	864	**1,078**
Development costs incurred during the period	1,386	1,423	**1,925**
Revisions of previous quantity estimates	1,065	2,204	**731**
Accretion of discount	2,806	2,184	**2,406**
Net change in income taxes	4,016	(1,276)	**(1,477)**
Other	1	202	**8**
End of year	$12,214	$13,371	**$14,082**

Supplementary Information

Five-Year Operating Highlights (unaudited)

	1991	1992	1993	1994	**1995**
Net Production of Crude Oil and NGL[1] (thousands of barrels daily)					
United States	332	311	305	300	**282**
Canada	65	59	58	57	**53**
Indonesia	97	94	90	77	**77**
Nigeria	109	132	169	175	**157**
Norway	95	102	95	95	**91**
United Kingdom	45	50	58	70	**75**
Other fully consolidated areas	11	11	9	33	**30**
Equity companies[2]	60	57	54	47	**45**
Worldwide	814	816	838	854	**810**
Net Production of Natural Gas (millions of cubic feet daily)					
United States	1,703	1,641	1,529	1,568	**1,439**
Canada	494	510	492	461	**432**
Germany	346	351	362	368	**404**
Indonesia	1,598	1,654	1,658	1,654	**1,542**
United Kingdom	261	260	390	470	**577**
Other fully consolidated areas	161	143	135	120	**129**
Equity companies[2]	61	45	44	29	**31**
Worldwide	4,624	4,604	4,610	4,670	**4,554**
Barrels of oil equivalent (thousands of barrels daily)[3]	822	818	819	830	**809**
Total Production (thousands of barrels daily)[3]	1,636	1,634	1,657	1,684	**1,619**
Net Reserves of Crude Oil and NGL (millions of barrels)					
United States	1,232	1,168	1,116	1,052	**986**
Europe	376	353	357	401	**373**
Asia-Pacific	277	227	204	175	**103**
Other fully consolidated areas	1,007	1,083	1,132	1,291	**1,426**
Equity companies[2]	569	541	534	525	**531**
Worldwide	3,461	3,372	3,343	3,444	**3,419**
Net Reserves of Natural Gas (billions of cubic feet)					
United States	6,237	5,971	5,372	5,055	**5,061**
Europe	3,462	3,508	4,021	4,251	**4,188**
Asia-Pacific	6,951	6,400	6,058	5,607	**4,896**
Other fully consolidated areas	1,913	1,824	1,508	1,744	**1,784**
Equity companies[2]	193	103	724	1,018	**2,039**
Worldwide	18,756	17,806	17,683	17,675	**17,968**
Barrels of oil equivalent (millions of barrels)[3]	3,334	3,165	3,143	3,142	**3,194**
Total Reserves (millions of barrels of oil equivalent)	6,795	6,537	6,486	6,586	**6,613**
Reserves Replacement Percentage[4]	105%	57%	92%	116%	**105%**
Average U.S. Sales Price/Transfer Value[5]					
Crude Oil (per barrel)	$ 16.42	$ 15.73	$ 13.54	$ 12.91	**$ 14.52**
NGL (per barrel)	12.19	11.84	11.25	10.37	**9.94**
Natural Gas (per thousand cubic feet)	1.61	1.86	2.22	1.90	**1.58**
Average International Sales Price/ Transfer Value[5]					
Crude Oil (per barrel)	$ 19.92	$ 19.11	$ 16.99	$ 15.66	**$ 16.94**
Natural Gas (per thousand cubic feet)	2.90	2.74	2.62	2.44	**2.47**

(1) Natural gas liquids.

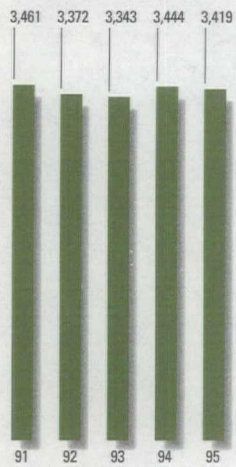
(2) Represents Mobil's share of investees accounted for on the equity method.

(3) Natural gas volumes have been converted to oil equivalent barrels on a BTU basis, with 5,626 cubic feet of gas per barrel.

(4) Reserves replacement percentage is calculated by dividing the net adjustments to reserves for the year plus the annual production by the annual production.

(5) Transfer values are essentially equal to third-party sales.

Net Crude Oil and NGL* Proved Reserves
(Millions of barrels)



*Natural gas liquids

Liquids reserves were down slightly as declines in mature regions were largely offset by increases, primarily in Africa.

Net Natural Gas Proved Reserves
(Billions of cubic feet)

Natural gas reserves were boosted by additions from our Ras Laffan LNG project in Qatar.

Supplementary Information

Five-Year Operating Highlights (unaudited) (concluded)

		1991	1992	1993	1994	1995
Petroleum Product Sales[1] (thousands of barrels daily)						
United States		922	999	1,080	1,172	**1,286**
Europe		751	790	810	810	**807**
Asia-Pacific[2]		656	645	730	777	**799**
Other Areas		292	310	314	316	**330**
Worldwide		2,621	2,744	2,934	3,075	**3,222**
Petroleum Product Sales[1] (millions of dollars)						
United States		$ 9,694	$10,070	$10,181	$10,492	**$11,904**
Europe		14,871	15,685	14,555	14,395	**15,421**
Asia-Pacific[2]		10,111	9,770	10,619	11,466	**12,426**
Other Areas		3,336	3,551	3,382	3,707	**3,974**
Worldwide		$38,012	$39,076	$38,737	$40,060	**$43,725**
Average United States Product Price (per gallon)[3]		68.6¢	65.6¢	61.5¢	58.4¢	**60.4¢**
Refinery Runs (thousands of barrels daily)						
United States		764	796	836	857	**895**
Europe		408	403	446	420	**411**
Asia-Pacific[4]		522	529	607	622	**657**
Other Areas		155	158	163	163	**149**
Runs for Mobil by Mobil		1,849	1,886	2,052	2,062	**2,112**
Runs for Mobil by Others		28	37	20	20	**9**
Worldwide Runs for Mobil		1,877	1,923	2,072	2,082	**2,121**
Chemical Sales by Product Category (millions of dollars)						
Petrochemicals		$ 1,870	$ 1,733	$ 1,608	$ 2,088	**$ 2,914**
Plastics		1,839	1,781	1,719	1,846	**1,919**
Other		46	59	81	101	**115**
Net sales to trade		$ 3,755	$ 3,573	$ 3,408	$ 4,035	**$ 4,948**
Number of Employees (year-end)						
Petroleum Operations	-United States	24,600	22,200	21,600	20,300	**18,400**
	-International	26,300	25,800	25,200	25,200	**24,300**
Chemical	-United States	10,900	10,200	9,700	8,100	**3,500**
	-International	1,800	1,900	2,100	1,800	**1,600**
Other	-United States	3,400	3,100	2,800	2,700	**2,200**
	-International	500	500	500	400	**400**
Total		67,500	63,700	61,900	58,500	**50,400**

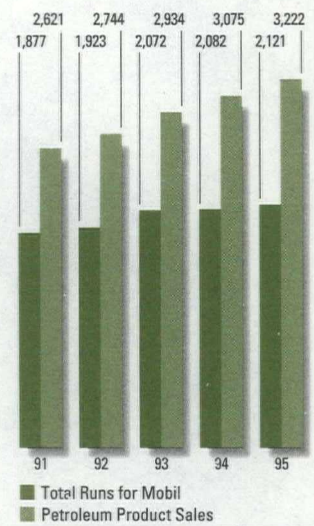
(1) Includes supply/other product sales.
(2) Includes primarily Australia, China, Hong Kong, Japan, Malaysia, New Zealand and Singapore.
(3) Represents the average amount Mobil charges dealers, service stations, etc. for petroleum products, including gasoline. Excise taxes and other items included in the "pump" price consumers pay for gasoline are not reflected in this amount.
(4) Includes Australia, Japan, New Zealand and Singapore.

Mobil markets autogasoline through nearly 19,000 retail outlets in over 50 countries. Petroleum product sales (including supply and other sales) have increased 23% based on daily volume since 1991.

Mobil has 5 refineries in the U.S. that represent 43% of its worldwide capacity. Outside the U.S., we have operating interests in 15 crude oil refineries.

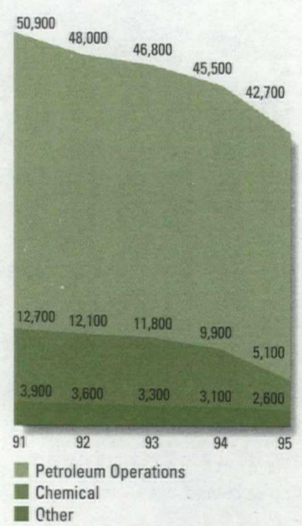
Mobil operates 31 chemical facilities in 10 countries, and chemical sales extend to more than 100 countries. We are a 50% partner in a complex in Saudi Arabia that produces polyethylene and ethylene glycol.

Refinery Runs vs. Petroleum Product Sales
(Thousands of barrels daily)



Refinery runs and product sales continued to trend upward, reflecting excellent operating and sales performance.

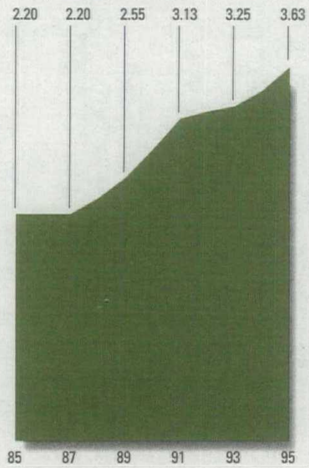
Number of Employees
(At year-end)



Ongoing restructuring and asset sales reduced the number of employees 14% this year.

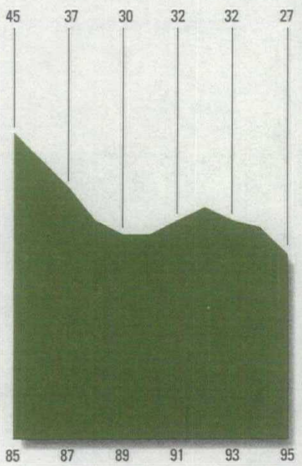
Supplementary Information

Annual Dividends per Share of Common Stock
(Dollars)



Dividends per share payments increased for the eighth consecutive year, to $3.625 per share.

Debt-to-capitalization Ratio
(In percent)



Our Debt-to-capitalization Ratio of 27% is expected to increase with higher investment spending.

Eleven-Year Financial Summary

(In millions, except for per-share amounts)	1985	1986	1987	1988
Revenues	$ 54,606	$ 44,936	$ 51,678	$ 54,740
Income, Excluding the Effects of Significant U.S. and Foreign Income Tax Rate Changes and Change in Accounting Principle(s)	$ 1,040	$ 1,612 [1]	$ 1,448	$ 1,893
Segment Earnings:				
Petroleum Operations				
Exploration & Producing -United States	$ 701	$ 71	$ 462	$ 76
-International	1,074	871	1,065	780
Total Exploration & Producing	1,775	942	1,527	856
Marketing & Refining -United States	138	346	97	524
-International	151	972	76	414
Total Marketing & Refining	289	1,318	173	938
Total Petroleum Operations	2,064	2,260	1,700	1,794
Chemical	41	130	285	597
Segment Earnings	2,105	2,390	1,985	2,391
Corporate and Other	53	(147)	(75)	(94)
Net Financing Expense	(652)	(587)	(592)	(460)
Loss on Sale of Container Corporation of America	—	(150)	—	—
Effect of Significant U.S. and Foreign Income Tax Rate Changes	—	552	(100)	194
Income Before Discontinued Operations and Change in Accounting Principle(s)	1,506	2,058	1,218	2,031
Discontinued Operations-Montgomery Ward	(466)	106	130	56
Cumulative Effect of Change in Accounting Principle(s)	—	(2,518) [2]	—	—
Net Income	$ 1,040	$ (354)	$ 1,348	$ 2,087
Income per Common Share (based on average shares outstanding)				
Income Before Discontinued Operations and Change in Accounting Principle(s)	$ 3.69	$ 5.04	$ 2.96	$ 4.93
Net Income	$ 2.55	$ (0.87)	$ 3.28	$ 5.07
Net Income as Percent of				
Average shareholders' equity	7.5%	17.3% [1]	9.5%	13.6%
Average capital employed [3]	6.8%	12.1% [1]	8.5%	11.4%
Revenues	1.9%	4.8% [1]	2.6%	3.8%
Capital and Exploration Expenditures	$ 3,330	$ 2,890	$ 2,798	$ 3,915
Balance Sheet Position at Year-End				
Current assets	$ 12,193	$ 10,193	$ 11,097	$ 11,178
Net properties, plants and equipment	24,533	23,439	24,071	23,848
Total assets	40,668	38,173	40,272	38,820
Current liabilities	11,911	10,075	10,730	10,255
Long-term debt	9,323	7,939	7,143	6,498
Shareholders' equity	14,089	13,430	15,000	15,686
Per common share [4]	$ 34.50	$ 32.86	$ 36.46	$ 38.19
Debt-to-capitalization Ratio [5]	45%	41%	37%	32%
Average Common Shares Outstanding (thousands of shares)	408,071	408,142	410,688	411,670
Common Shares Outstanding (thousands of shares, year-end)	408,351	408,732	411,359	410,730
Shareholders of Common Stock (year-end)	268,600	260,800	246,800	237,600
Common Stock Dividends	$ 898	$ 898	$ 903	$ 968
As percent of net income less preferred dividends	86%	41% [1]	67%	46%
Per share	$ 2.20	$ 2.20	$ 2.20	$ 2.35
Year-end Market Price per Common Share	$ 30 ¼	$ 40 ⅛	$ 39 ⅛	$ 45 ½

[1] Excludes cumulative effect of adopting FAS 96 ($2,518 million) in 1986; FAS 106 and 109 ($446 million) in 1992; LCM ($680 million) in 1994.
[2] Accounting changes: FAS 96 in 1986; FAS 106 and 109 in 1992; LCM in 1994.
[3] Net income plus income applicable to minority interests plus interest expense, net of tax, divided by the sum of average shareholders' equity, minority interests and debt.

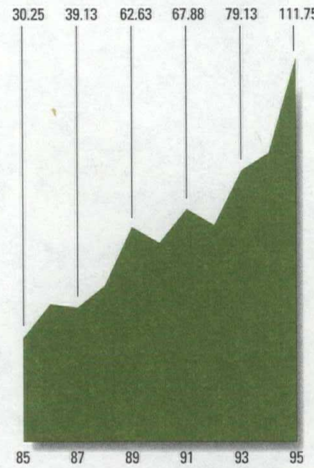
Supplementary Information

1989	1990	1991	1992	1993	1994	**1995**
$ 56,388	$ 64,774	$ 63,311	$ 64,456	$ 63,975	$ 67,383	**$ 75,370**
$ 1,809	$ 1,929	$ 1,920	$ 1,308 [1]	$ 2,084	$ 1,759 [1]	**$ 2,376**
$ 117	$ 189	$ 189	$ 348	$ 363	$ 125	**$ (107)**
955	1,403	1,094	1,042	1,289	951	**952**
1,072	1,592	1,283	1,390	1,652	1,076	**845**
319	91	116	(145)	151	241	**226**
336	542	819	329	554	647	**447**
655	633	935	184	705	888	**673**
1,727	2,225	2,218	1,574	2,357	1,964	**1,518**
558	322	217	136	44	102	**1,164**
2,285	2,547	2,435	1,710	2,401	2,066	**2,682**
(69)	(282)	(130)	(86)	(190)	(98)	**(11)**
(407)	(336)	(385)	(316)	(127)	(209)	**(295)**
—	—	—	—	—	—	**—**
—	—	—	—	—	—	**—**
1,809	1,929	1,920	1,308	2,084	1,759	**2,376**
—	—	—	—	—	—	**—**
—	—	—	(446) [2]	—	(680) [2]	**—**
$ 1,809	$ 1,929	$ 1,920	$ 862	$ 2,084	$ 1,079	**$ 2,376**
$ 4.40	$ 4.60	$ 4.65	$ 3.13	$ 5.07	$ 4.28	**$ 5.87**
$ 4.40	$ 4.60	$ 4.65	$ 2.01	$ 5.07	$ 2.57	**$ 5.87**
11.3%	11.6%	11.1%	7.8% [1]	12.3%	10.4% [1]	**13.5%**
10.0%	10.1%	9.6%	6.8% [1]	9.7%	8.4% [1]	**10.9%**
3.2%	3.0%	3.0%	2.0% [1]	3.3%	2.6% [1]	**3.2%**
$ 3,393	$ 4,374	$ 5,053	$ 4,470	$ 3,656	$ 3,825	**$ 4,268**
$ 11,920	$ 13,231	$ 12,401	$ 10,956	$ 11,217	$ 11,181	**$ 12,056**
23,446	24,481	25,464	25,075	25,037	25,503	**24,850**
39,080	41,665	42,187	40,561	40,733	41,542	**42,138**
11,216	13,653	13,602	12,629	12,351	13,418	**13,054**
5,317	4,298	4,715	5,042	5,027	4,714	**4,629**
16,274	17,072	17,534	16,540	17,237	17,146	**17,951**
$ 39.84	$ 42.44	$ 43.74	$ 41.06	$ 42.74	$ 42.61	**$ 44.71**
30%	30%	32%	34%	32%	31%	**27%**
409,767	405,936	399,636	398,517	399,154	397,955	**395,444**
408,515	401,079	398,301	398,816	398,168	395,987	**394,560**
227,100	218,300	211,100	208,800	200,100	193,900	**188,800**
$ 1,045	$ 1,147	$ 1,249	$ 1,276	$ 1,298	$ 1,353	**$ 1,434**
58%	61%	67%	102% [1]	64%	80% [1]	**62%**
$ 2.55	$ 2.825	$ 3.125	$ 3.20	$ 3.25	$ 3.40	**$ 3.625**
$ 62 5/8	$ 58	$ 67 7/8	$ 63 1/8	$ 79 1/8	$ 84 1/4	**$ 111 3/4**

[4] Shareholders' equity less the effect of the ESOP-related accounts (preferred stock and unearned employee compensation), divided by the number of common shares outstanding at year-end.

[5] Total debt divided by the sum of total debt, shareholders' equity and minority interests.

Year-end Market Price per Common Share
(Dollars)



Over the past 10 years, our stock price has increased at an annualized rate of 14%.

Shareholder Information

The ticker symbol for Mobil on the New York Stock Exchange is MOB.

The 1996 annual meeting for shareholders will be held Thursday, May 9, at 10 a.m. in the Grand Ballroom, Hyatt Regency Reston, Reston, Virginia.

Dividend payments on common stock are paid quarterly following declaration by the Board of Directors. The next four tentative payment dates are: June 10, 1996; September 10, 1996; December 10, 1996, and March 10, 1997.

Mobil's Stock Purchase and Dividend Reinvestment Plan allows new investors to buy Mobil common stock for as little as $250 and existing shareholders to automatically reinvest dividends—both without paying commissions or service fees. Once enrolled, you can make additional stock purchases through monthly cash deposits ranging from $10 to $7,500. For more information, request a prospectus on Mobil's Stock Purchase and Dividend Reinvestment Plan from: Chemical Mellon Shareholder Services, L.L.C., Dividend Reinvestment Services, P.O.Box 750, Pittsburgh, Pennsylvania 15230. Telephone 1-800-648-9291.

Questions about dividend checks, electronic payment of dividends, stock certificates, address changes, account consolidation, transfer procedures and year-end tax information? Write to: Chemical Mellon Shareholder Services, L.L.C., Shareholder Relations, P.O.Box 590, Ridgefield Park, New Jersey 07660. Telephone 1-800- 648-9291 (Telecommunications Device for the Deaf 1-800-231-5469).

Shareholders or others wanting general information or having questions should write to: Secretary's Department, Room 2D915, Mobil Corporation, 3225 Gallows Road, Fairfax, Virginia 22037- 0001. Telephone 1-703-846-3898.

Publications available to shareholders: Additional information relating to Mobil is contained in Mobil's annual report on Form 10-K, filed with the Securities and Exchange Commission.

Information dealing with various Mobil benefit plans for employees is contained in plan descriptions, annual reports and other materials regularly furnished to employees under the Employee Retirement Income Security Act of 1974. A statement of charitable contributions made by Mobil Foundation Inc. is prepared annually.

Also available are:

■ *1995 Mobil Fact Book*, a supplement to the annual report with additional financial and operating data.

■ *Mobil's Commitment to Diversity*, a booklet describing the company's policies on diversity in the work force.

■ *Mobil Exploration & Producing: An Experienced Partner*, describing the strengths Mobil offers to upstream ventures worldwide.

For copies of any of the foregoing, write to: Secretary's Department, Room 2D920, Mobil Corporation, 3225 Gallows Road, Fairfax, Virginia 22037-0001. Telephone 1-215-885-7810.

Analysts and institutional investors wanting information about Mobil should write to: Investor Relations, Room 2D804, Mobil Corporation, 3225 Gallows Road, Fairfax, Virginia 22037- 0001. Telephone 1-703-846-3955.

Auditors: Ernst & Young LLP, Fairfax Square-Tower II, 8075 Leesburg Pike, Vienna, Virginia 22182-2709.

Transfer Agent and Registrar in the U.S.: Chemical Mellon Shareholder Services, L.L.C., Overpeck Centre, 85 Challenger Road, Ridgefield Park, New Jersey 07660. Telephone 1-800-648-9291 (Telecommunications Device for the Deaf 1-800-231-5469).

Transfer Agent and Registrar in Canada: Montreal Trust Company of Canada, 151 Front Street West, 8th Floor, Toronto, Ontario M5J 2N1, Canada. Telephone 1-416-981-9500. Montreal Trust Company of Canada, 411 8th Avenue, S.W., Calgary, Alberta T2P 1E7, Canada. Telephone 1-403-267-6800.

INTERNET Address: http://www.mobil.com

Duplicate mailings of this annual report to the same address are costly to Mobil and may be inconvenient to many shareholders. The Securities and Exchange Commission rules allow for the elimination of duplicate reports provided such requests are in writing. Eliminating these duplicate mailings will not affect your dividend, proxy statement and proxy card mailings. All requests should be sent to: Chemical Mellon Shareholder Services, L.L.C., Shareholder Relations, P.O. Box 590, Ridgefield Park, New Jersey 07660.

An important part of the domestic and foreign operations covered by this report is carried on by operating divisions, subsidiaries and affiliates conducting their respective businesses under the direction and control of their own managements. Except as otherwise indicated by the context, this report uses such terms as "Mobil," "corporation," "company," "we" and "our," sometimes for the parent corporation and all such divisions, subsidiaries and affiliates collectively, and sometimes for one or more of them.

Mobil Annual Report 1995 is printed on recycled and recyclable paper.

Board of DIRECTORS

Heimbold, Johnson, Hoenmans, Branscomb, Peters, Renna, Fites, Noto, Sanford, Schwartz, Kaplan, Jacobson, Swanson, Munro

Lewis M. Branscomb
Elected 1978, Director, Science, Technology and Public Policy, John F. Kennedy School of Government, Harvard University. *Committees:* Audit (Chmn.), Directors and Board Affairs

Donald V. Fites
Elected 1990, Chairman and Chief Executive Officer, Caterpillar Inc. *Committees:* Audit, Public Issues, Directors and Board Affairs

Charles A. Heimbold, Jr.
Elected 1995, Chairman and Chief Executive Officer, Bristol-Myers Squibb. *Committees:* Directors and Board Affairs, Public Issues

Paul J. Hoenmans
Elected 1985, Executive Vice President, Mobil Oil Corporation, Joined Mobil 1954. *Committee:* Executive

Allen F. Jacobson
Elected 1988, Former Chairman of the Board and Chief Executive Officer, 3M. *Committees:* Directors and Board Affairs (Chmn.), Management Compensation and Organization

Samuel C. Johnson
Elected 1981, Chairman of the Board, S. C. Johnson & Son, Inc. *Committees:* Management Compensation and Organization, Public Issues (Chmn.)

Helene L. Kaplan
Elected 1989, Of Counsel, Skadden, Arps, Slate, Meagher & Flom. *Committees:* Audit, Directors and Board Affairs, Management Compensation and Organization

J. Richard Munro
Elected 1989, Former Co-Chairman of the Board and Co-Chief Executive Officer, Time Warner Inc. *Committees:* Audit, Management Compensation and Organization, Public Issues

Lucio A. Noto
Elected 1988, Chairman of the Board, President and Chief Executive Officer, Joined Mobil 1962. *Committee:* Executive (Chmn.)

Aulana L. Peters
Elected 1992, Partner, Gibson, Dunn & Crutcher. *Committees:* Audit, Public Issues

Eugene A. Renna
Elected 1986, Executive Vice President, Mobil Oil Corporation, Joined Mobil 1968. *Committee:* Executive

Charles S. Sanford, Jr.
Elected 1990, Chairman, Bankers Trust New York Corporation and its principal subsidiary, Bankers Trust Company. *Committees:* Directors and Board Affairs, Management Compensation and Organization, Public Issues

Robert G. Schwartz
Elected 1987, Former Chairman of the Board, President and Chief Executive Officer, Metropolitan Life Insurance Co. *Committees:* Audit, Management Compensation and Organization (Chmn.)

Robert O. Swanson
Elected 1991, Senior Vice President, Joined Mobil 1958. *Committee:* Executive

Mobil Corporation Officers

Lucio A. Noto,
Chairman of the Board, President and Chief Executive Officer

Thomas C. DeLoach, Jr.,
Senior Vice President and Chief Financial Officer

Robert O. Swanson,
Senior Vice President

Rex D. Adams,
Vice President

Aldis V. Liventals,
Vice President

Charles H. DuBois,
Secretary

Samuel H. Gillespie III,
Vice President and General Counsel

Walter R. Arnheim,
Treasurer

George Broadhead,
Acting Controller

Mobil Corporation
3225 Gallows Road, Fairfax, Virginia 22037-0001